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The Shape of Things

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THE POLICY OF APPEASEMENT RECEIVED A new lease on life last week when Prime Minister Chamberlain and Viscount Halifax, on successive days, held out promise of a general settlement with Germany. Halifax asserted that Germany could get its "economic *Lebensraum*" if it would give up the idea of attacking its neighbors, while Chamberlain declared that he still hoped to come to an understanding with the Third Reich. Although full confirmation is lacking, these British gestures are believed to be closely connected with the new "peace" moves of the Vatican. Pope Pius is known to be using all the forces at his command to prevent the completion of a British-French-Soviet mutual-assistance pact. As an alternative, he is reported to have suggested a new Four-Power Conference, excluding Russia, to settle European difficulties. While nothing that the Pope can say can alter the logical necessity for a British-Soviet agreement, the Vatican's last-minute intervention to save the fascist states from isolation cannot fail to have effect. It naturally leads to speculation as to whether the church may abandon its traditional policy of neutrality and align itself more or less openly—as in Spain—on the side of the fascist dictators.

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THE NEW HULL-BLOOM NEUTRALITY PLAN IS expected to come before the House this week after a stormy voyage through committee. Despite heated opposition from the isolationist minority—involving an attempt to depose Bloom as chairman of the Foreign Affairs Committee—Secretary Hull's program will probably be presented to the House virtually as he outlined it several weeks ago. Efforts to amend the bill so as to provide an automatic arms embargo in the event of war were decisively defeated, as was an attempt to limit the President's discretionary power to proclaim the existence of a state of war. Although far from satisfactory, the Bloom bill appears to be the sole hope of bringing about a revision of the Neutrality Act at this session. It will probably pass the House without difficulty. The real test will come in the Senate, where men like Borah, Reynolds, Johnson, and Nye threaten to lead a filibuster that would defeat

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the Administration's present plans for a July 15 adjournment. If the Administration would call their bluff, it would probably find the votes to pass the bill in that chamber as well.

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THE MEAD BILL FOR FEDERAL INSURANCE OF loans to small businesses is hardly the panacea which its proponents have suggested, but it is deserving of careful consideration. Under present conditions small businesses have considerable difficulty in obtaining funds for capital development. This has been blamed on the undistributed-profits tax, on high income taxes, and on other New Deal measures. Actually, it is due in part to the fact that small business is a poor speculative risk in an era of industrial giants and in part to low consumer purchasing power, which makes any new investment a dubious undertaking. Moreover, the banks are not in a position to sink much money in speculative loans of a medium-term character. The principle of a federal guaranty of sound private loans has worked extremely well in the mortgage field, and there is no reason why it should not work for business when private investors are similarly hesitant. Much more caution, however, is necessary. The risk is indubitably greater than with mortgages, and there is at least reason to question whether the federal government should adopt a policy of subsidizing small business in competition with large units which are inherently more efficient. It cannot be denied that the plan would be an aid to investment and, as such, a stimulus to employment and production. But the same amount of money invested in useful public works, especially in enterprises such as housing that bring a financial return, would serve as a greater stimulus and have greater permanent value.

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THE HOUSE SUBCOMMITTEE ALLEGED TO BE investigating the WPA has skilfully managed to avoid the subject. It was ostensibly appointed to evaluate the accomplishments and defects of the WPA program; instead, it has spent most of its time in fields momentarily deserted by the Dies committee. Last week it heard the testimony of disgruntled ex-Communists, embittered ex-administrators, and an investigator of its own who once distinguished himself as Father Coughlin's campaign manager in Maryland. From this array the committee learned that one WPA worker was trained in Moscow and was regarded as a promising street-fighter, that the Federal Theater Project was wasteful of lights in one of its plays, that trade unionism was taught in an adult-education project, and that the Workers' Alliance is a seditious organization. The bearing of these revelations on the future of the WPA is difficult to see; we are grateful to Representative Cannon of Missouri for bitterly denouncing the proceedings. Other members, however, shouted him down. The committee's activities have been distinguished as much by lack of relevance as by indifference to the plight of the unemployed. There are real problems in the administration of the WPA, and they call for examination. There is also an enviable record of achievement which deserves recognition. But the committee seemed inspired chiefly by a desire for economy. It sought to discredit the arts projects as a preliminary to their elimination. One member, Representative Woodrum of Virginia, had voiced negative conclusions about the whole WPA program before the hearings began. Now, on the basis of this committee's "findings," the fate of WPA will be weighed by the House. It was a crude frame-up, and relief workers are the victims. Will the House ratify the conspiracy?

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THE CONVICTION OF MARTIN T. MANTON has evoked the usual moralizing in high places. Manton has disgraced himself, he has brought grief and embarrassment to his colleagues, he has undermined public faith in the judiciary. The eminence of his position—as senior justice of the United States Circuit Court of Appeals he was tenth ranking jurist in the nation—emphasized the flagrancy of his crime; if Manton was guilty of "selling justice," and at exorbitant rates, what will people think of judges in less lofty posts? All these exclamations are perfectly relevant, but we wish that someone, in the flood of editorial post-mortems, had mentioned the most important moral of the episode. In recent years the doctrine of judicial infallibility has been more strongly advanced than ever before. As administrative tribunals have increased in number and significance, conservatives have pleaded for judicial restrictions on their power. Prominent judges have themselves hinted that while administrative agencies have a place, it must be a modest one. After all, tribunals like the National Labor Relations Board are guided by ordinary men susceptible to all sorts of earthly pressures; judges commune only with their own consciences. Now we learn that Judge Manton had dealings with a host of shady characters, that he was paid off in prosaic dollars and cents, and that he rarely allowed his conscience to influence his decisions. Yet while he was so engaged, he was being mentioned as a Supreme Court possibility. Since his conviction it is reported that the financial affairs of other judges are under scrutiny by the Federal Bureau of Investigation, and that there may be other resounding falls from grace in the near future. The total result of this drive may be even more important than a clean-up of the judiciary. It may help to wipe away the myths upon which excessive judicial power is founded.

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THAT THE CATHOLIC CHURCH SHOULD TRY to regulate the life of its members is at least understandable, but its encroachments upon American civil

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life in general grow more and more arrogant. This time the victim is the Birth Control Federation of America. Some months ago the federation signed a contract with the San Francisco Exposition providing for a birth-control exhibit at the West Coast fair. The federation spent $1,022 erecting a booth, printing charts, and preparing other material for the demonstration. Suddenly Archbishop John P. Mitty, who was scheduled to give the invocation at the fair, announced that he would not do so if the birth-control exhibit were permitted. The fair's sponsors stood by their contract. Archbishop Mitty remained at home. Subsequently, however, it was made clear that Catholics would be urged to shun the San Francisco fair if this demoralizing exhibit remained. Within a few days it was removed. What wasn't removed was a demonstration of the highly dubious "rhythm system" of birth control which Catholic officials have declared acceptable. The birth-control exhibit itself was is no way offensive and represented the best scientific knowledge of the subject. But Archbishop Mitty was able to determine what the American people should know.

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MANAGER BILL TERRY OF THE NEW YORK Giants obtained only vicarious satisfaction out of the Supreme Court's anti-Hague ruling. Although the case of Hague vs. Terry may seem a minor one, it has major-league implications, and it was not settled by the opinion of either Justice Roberts or Justice Stone. The facts are familiar to bleacher residents. The Giants are having a mediocre season. They have experimented with five third basemen; all were either too young to stand up under major-league pressure or too old to stoop for bunts. Meanwhile the Jersey City team, purchased a few years ago by the Giants, has become a pennant contender in the International League, thanks largely to the Giant investment. In baseball terms Jersey City is a Giant "farm"; and with the Giants ailing, Jersey City is supposed to provide talented replacements. Enter Mayor Hague. In his usual deft way he warns Manager Terry to go back where he came from; he will tolerate no disruption of Jersey City's placid ball club. This defiance reveals blunt disregard for the rights of ownership, but baseball in Jersey City is virtually a state function. On opening day the Mayor corrals all city employees and compels them to attend the game even if their grandmothers aren't sick. This year he rallied so large a crowd that several thousand spectators couldn't find breathing-space; when they tried to leave, Hague ordered the gates locked. If Terry's agitation persists, Hague can take drastic measures. He can instruct the populace to stay home, and the Giant investment will quietly perish. On this issue, moreover, Hague has the citizenry solidly behind him. Jersey City may have been made safe for C. I. O. organizers, but Bill Terry is still in search of a third baseman.

Third-Term Hysterics

WITH the Presidential nominating conventions still a year off, it is painful to observe the strident note of hysteria in discussions of whether or not Franklin D. Roosevelt should run for a third term. There is a tendency either to regard those Democrats who flatly oppose a third term as traitors bent on stabbing the President in the back or to hold that Roosevelt must not run again, come what may. We believe that the traditional two-term limitation is a good one, but it is not a cardinal principle of Democratic faith. The founders of the republic didn't even think it important enough to incorporate in the Constitution. The fact is that like any safeguard it is of less consequence than the thing it is designed to preserve. It is fantastic to cherish it in a vacuum, to treat it as though it had no connection with the hundred and one factors that determine its practical importance. Such factors in this instance include the possibility of a war in Europe by 1940, an increase in the strength of anti-democratic forces in this country, the availability of satisfactory alternative Democratic candidates, and the nature of the opposition—all of them circumstances that bear more closely on preserving our political democracy than does any dogmatic opinion about the third term itself.

Attempts to force the President's hand on the issue at this point are injudicious, if not harmful. These are times in which a year is a sizable slice of history, and it is unwise to prescribe for next June's ills on the basis of this June's symptoms. To make a formal announcement of his candidacy now would not only commit Mr. Roosevelt to a course that might well be distasteful to him and seem unnecessary a year from now, but would solidify his bitter-end opponents twelve months before the fight begins instead of keeping them guessing. Should he announce, on the other hand, that he is out of the running, he would be repeating the folly of T. R. When the first Roosevelt formally abandoned the quest for a third term he changed overnight from leader to lame duck, and Congress treated him accordingly. There are all too many Administration supporters in Congress now whose support hangs by the thread of a coat-tail; with the owner of that coat-tail ruled out for 1940, they and the more overt foes of the President could go far toward demolishing the New Deal in a year's time.

None of this is an argument for marking time. Anti-New Deal Democrats are gathering delegates while they may, and at the same time Administration forces are reported to be lagging in the customary pre-convention activity. It is not necessary to set up state delegations committed to Roosevelt, but it is vital to everything for which the New Deal stands to line up delegates who will be sympathetic to the platform that has the Roosevelt

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blessing, whether he chooses to head the ticket or not. It is true that neither Garner nor any other Democratic hopeful can reach the White House without Roosevelt's support, but a Garner defeat in the election is no recompense for a New Deal defeat at the convention.

Mailed Fist in Bohemia

THE shooting of a German policeman in Kladno, a 100 per cent Czech industrial city near Prague, under circumstances not yet clear, was taken by the Protectorate government as an occasion for severe punishment of the whole town. Similar incidents have happened almost daily since the occupation of Bohemia and Moravia by the German army—some have been of much graver nature, as for example the throwing of acid on marching German troops in Pilzen—but they have not been played up. They were followed only by secret arrests of individuals, without any general action being taken. In Kladno almost the full might of the conqueror has been displayed. Martial law has been declared. The town officials have been arrested. The native police has been disarmed and interned. A monetary fine has been imposed, and even stronger measures have been threatened.

The change in German methods from relatively discreet to open oppression indicates that Czech resistance is growing more intense; on the other hand, the Germans seem not yet quite sure which course to follow —"appeasement" or brute force. It needs no gift of prophecy to foretell that, whatever Hitler does, he will not be able to resolve the contradictions in which he entangled himself by enslaving a non-German people under the slogan of self-determination. Whether in future he uses the glove or a set of brass knuckles there can be no doubt about the outcome: Czech resistance will grow.

The very purpose of the German occupation, to get hold of the wealth of the Czech nation and to turn the heart of Europe into an arsenal for the German army, makes even a temporarily peaceful *modus vivendi* impossible. Goebbels may publish pro-German articles signed with famous Czech names in the coordinated Czech press—the alleged author often has his first sight of them there—but the Czech people are not confused. Stern facts and a three-hundred-year-long tradition of dealing with foreign rulers tell them what to do. Thousands of young men are fleeing to Poland to form Czech legions as their fathers did twenty-five years ago to escape from the comparatively mild Hapsburg tyranny. The German ruling class of imperial Austria suppressed the Czechs within limits. Hitler robs and exploits them as if they were—to the shame of the great democracies, be it said—a colonial people. A few price figures will illustrate the effect of the German occupation on the agricultural economy of the well-to-do countries of Bohemia and Moravia. On March 15 one egg cost 1.32 cents; on April 15, 3.42 cents; today, 5.13 cents. One pound of butter on March 15 cost 23.85 cents; on April 15, 47.70 cents; today, 58.30 cents. Against such figures no Nazi argument, no Nazi trickery, and no Nazi terror will win in the long run.

Outside the frontiers of former Czechoslovakia the new Czech liberation movement is making impressive progress. The program for the future does not call for a revival of the Czechoslovakia that was, but for a free Czech people in a free Europe. The slogan is an inspiring one for millions of oppressed and exiled Europeans. It is a European slogan: "For the United Free Federal States of Europe."

"Now It Can Be Told"

LAST week's victory celebrations in Berlin and Naples were made the occasion for revealing for the first time the full extent of German and Italian intervention in Spain. For more than two years and a half the German, Italian—and the British—governments had officially done everything in their power to minimize the amount of foreign intervention. Rome had admitted the presence of 30,000 to 40,000 legionaries, but claimed to have withdrawn part of these in keeping with its non-intervention pledges. It had been generally thought even in pro-Loyalist circles that German intervention was confined to a few thousand technicians. Berlin had never admitted even this help to rebel Spain. Catholic and other pro-Franco groups in this country have constantly sought to conceal the extent of Nazi and Italian aid by maintaining that it was merely sent to offset Soviet assistance to the Loyalists.

Now that a fascist victory has been won, there is no longer any need for deception. Both the German and Italian press are gloating openly over the extent of their countries' aid to Franco. Hitler admitted in his speech on June 6 that Nazi contingents were first sent to Spain in July, 1936, almost simultaneously with the outbreak of the Franco revolt. He also made it clear that this intervention was aimed not so much against "bolshevism" as against the "Christian democracies." Instead of a handful of technicians, the Condor Legion was revealed as a unit of the Germany army 15,000 strong. Some 1,000 more had been killed or wounded. In addition, it was disclosed for the first time that the German navy, particularly its submarines, had played a conspicuous role in the blockade that finally proved the decisive factor in defeating Republican Spain.

But even this handsome support was dwarfed by the aid rendered to Franco by Mussolini's Italy. The Fascist

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navy boasts that it carried 100,000 soldiers to Spain in the four months between mid-December, 1936, and mid-April, 1937. Active intervention began, moreover, long before December. Nine Italian bombing planes were sent to Spanish Morocco in July, 1936. After "playing havoc with the Republican fleet in a series of bombing raids," they were used to transport 5,000 Moors to fill up the scanty ranks of the rebels. Altogether the Italian air force sent more than 6,000 men, who dropped 130,000 tons of explosives, in 5,318 raids. The navy intervened in August, 1936, to prevent the Spanish government from regaining full control of the Balearic Islands, and later used its warships against the Spanish navy and furnished submarines to enforce the blockade of Loyalist ports. In addition, Italian warships convoyed to Spain some 4,370 tanks, trucks, and automobiles, 750 cannon, and 40,000 tons of munitions.

With this mass of concrete evidence of fascist duplicity before us, we might expect that the current claims of complete withdrawal would at least be taken with a grain of salt. Yet the press as a whole, along with Mr. Chamberlain, has accepted the assertion that all the Italian troops have gone home. If so, where are they? If 100,000 were sent to Spain in four months, we must assume that the total must have been at least 140,000. Of these 3,327 are admitted to have been killed, and 15,000 returned home sick or wounded. The actual casualty list is probably somewhat higher. If we double these figures, we have accounted for 37,000. Another 10,000—including probably some duplications—were sent back last fall. Yet only 23,000 participated in the victory celebration at Naples, which was supposed to include all Italians who had fought in Spain. A natural question is: Where are the other 70,000? It is fairly evident that they must have been left in Spain. A rather striking confirmation of this estimate is found in the statement of Alfred Cope, of the American Friends Service Committee, who has just returned from Spain. Mr. Cope, whose obvious caution emphasized his words, declared that at least 70,000 Italian soldiers remain there. He saw in "village after village" streets cluttered with Italian equipment and Italian soldiers. Their activity gave no hint of an early departure; in the area Mr. Cope traveled through there were "tens of thousands of Italians repairing roads and digging in for a considerable stay." In fact, the number of Italians apparently preparing to remain in Spain was exceeded only by the number of Spaniards who have been interned in prison camps.

The mere fact that Mussolini has found it necessary to retain such a large force in Spain, together with the bulk of the war materials, is perhaps the strongest evidence that the Spanish war is not really over. The boasts in the Nazi and Fascist press are preliminary to the presentation of the bill. No one knows yet exactly what demands will be made. But anyone who is not completely blind to the meaning of the past thirty-five months must realize that Hitler and Mussolini will try to exact full payment.

Some Personalities of the Week

By FREDA KIRCHWEY

IT WAS natural that the head of the American Library Association should protest the President's appointment of Archibald MacLeish as Librarian of Congress, but it was an inspired choice, just the same. I hope the objections from professional sources will not serve to buttress the idiotic charges of communism launched in Congress by Representative Thomas, and so make his confirmation doubtful. MacLeish will bring to the Library of Congress something more valuable and far more rare than technical training. He will bring an imaginative understanding of the contemporary world. His scholarship and knowledge of literature are beyond question; but in addition he is as sensitively alive to the important currents of thought that shape and drive the affairs of men today as any person now writing. Felix Frankfurter has called him the best journalist in the United States—which is a way of saying the same thing. I only hope that the demands of his new position will not be so heavy as to interfere with the contributions Archibald MacLeish should continue to make—in poetry as well as prose—to our understanding of ourselves and our own time.

One has to be selective at the World's Fair; time and one's metatarsal arches both insist upon it. Besides, a general enthusiasm for everything serves to belittle the really choice offerings. Douglas Haskell, setting out to do a piece for *The Nation* on the architecture at the Fair, wrote almost exclusively about the Swedish Pavilion, with which he fell in love. I have come away from a couple of visits convinced that the best thing at the Fair is the baby giant panda. He is kept in a small building in the amusement area, at the far end of a dark and winding passage in which are exhibited some of the most repellent undersea finds of Dr. Beebe and an electric eel. But when once you reach his cage you want never to leave him. He is as funny as Beatrice Lillie and more endearing than a penguin. Comedy and affection and amiable ease are his dominant traits. I'd rather watch him drape himself over his inhospitable stone cot than see the finest diorama at the Fair. He represents my World of Tomorrow—unattainable, of course, but the more inviting for that reason. Genet reports in the *New Yorker*

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that the panda in the London Zoo is the financial and popular success of the season. This is easy to understand. In the mood of tension and unhappiness that hangs over England a baby panda would be almost indispensable.

The King and Queen have gone and it must be said that they did a good job; their visit was a huge popular success. The King in his press photographs looked weary and solemn, but he seemed to be an appealing figure in spite of that. The Queen obviously had a grand time; her amiability and pretty clothes and unfeigned interest in sights and people won a warm response from case-hardened newspapermen as well as from an exuberant public. The total effect of the visit—either here or in Canada—it is not yet possible to gauge. As I wrote last week, popular enthusiasm fizzes up easily in the American breast and subsides fast, and a likable royal couple is not a substitute for a decent foreign policy. Even during these last few days the British Prime Minister has been busy undermining the effect of his royal emissaries with new hints of appeasement. It cannot be repeated too often by those who hope for an honest anti-fascist front: In the United States the Chamberlain government is a liability too heavy to be overcome by any generalization about "common purposes" and "similar ideals." During the days of their visit the King and Queen were adopted, officially and in the press, as symbols of this pleasant if undefined unity. But when the time comes to translate symbol into policy and generalizations into actions, then the behavior of the British government will have more effect on American opinion than the charming manners of the British sovereigns.

This Is America

II. THE NORTH CENTRAL STATES

BY ARVILLE SCHALEBEN

IN 1932 the North Central states of Michigan, Wisconsin, Minnesota, and the Dakotas gave 2,541,771 popular votes and 50 Electoral College votes to the Democratic candidate for President. These votes represented a tribute to Franklin D. Roosevelt and his New Deal and a thrashing for Herbert Hoover and the Republican Party, to whom the same states had given their fifty electoral votes in 1928.

In 1936 they not only gave the Democratic candidate for reelection their solid electoral vote for the second time but, to the dismay of Alf Landon, increased the popular vote to 2,841,874. That was another tribute to Franklin D. Roosevelt. Not to the New Deal? No, just to President Roosevelt, whose words and principles they cherished, though their affection for his New Deal had wavered.

And now 1940 is hurtling down on us. Mr. Roosevelt seems eliminated as a possible successful candidate—by his own acts to some extent, by conditions to a larger extent, by the third-term tradition to a fatal extent. And the North Central states are sitting back waiting—waiting to pin back somebody's ears, a long drooping pair of ears that belong to a donkey whose 1940 prospects shape up like this (each state's Electoral College votes are given in parentheses):

In Michigan (19) and South Dakota (4) the Democratic Party faces almost certain defeat, even if the United States is at war and the nation is pregnant with economic recovery.

In Wisconsin (12) and Minnesota (11) it faces probable defeat—almost certain in Minnesota owing to the shrewd way in which the liberal, young Republican Governor Stassen has routed the Farmer-Labor Party and taken over the G. O. P.—unless pronounced economic recovery sets in by fall and continues till November, 1940. Even in that case defeat is as likely as victory.

In North Dakota (4) a Democratic defeat is quite probable, with the chances favoring an overwhelming upset.

Why this complete reversal in less than four years? It is no mystery. The people are sick of unemployment and economic strife, tired of relief, and sour with disappointments. They do not relish the Republicanism which they forsook in 1932. They will not return to it joyfully. They will turn to it only for a change.

The heroes to whom they looked hopefully in 1932 and again in 1936 have become the rascals who must be turned out. It appears that 1940 will be as bad a year for the "in's" nationally as 1938 was for the "in's" in the various states. (Michigan, Wisconsin, Minnesota, and North and South Dakota changed governors in 1938 and elected thirty-one Republican Representatives out of forty; previously fifteen of these had been Republicans.) I cannot foresee any factor or combination of factors—save possibly war and recovery going hand in hand—able to reverse the tremendous swing against the "in's"

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Senator Vandenberg

that was revealed in 1938. Recovery would help the Democrats, but at this writing it is not possible to imagine a recovery of sufficient proportions to *save* the Democrats. The effect of war is too speculative to permit a prediction. It might keep the Administration in office, or it might be the last nail in the New Deal's coffin.

This much is certain. The policies of President Roosevelt which involve us more and more deeply in European affairs are not popular. The people hate the thought of war. It is easier to convince them of the logic of isolation than of the logic of involvement. My own feeling is that the President and the Secretary of State have acted in the best interests of democracy. But I have talked with many men in all the North Central states, and they agree with me that eight or nine out of every ten voters want the United States to restrict its interest to matters within our boundaries or at least to matters within the North and South American continents.

The average man in this section is indifferent even about the destiny of South America. The North Central states and the Middle West are not directly aware of the immense importance to our welfare of the rich continent to the south. We like coffee, sure, but we think of it as coming from the corner grocery rather than from Brazil. Our contacts with South America are not close enough to make a sharp impression. The average man has to have a pitchfork prick him in the rear before he really gets the point.

The President and the Administration would find it difficult to popularize the war issue if they tried to do so in the 1940 campaign to divert our minds from domestic difficulties unsolved in two Presidential terms. Since the danger is not to our borders but to our trade, it is not obvious to the average voter. The remoteness of the threat has made it possible for the politicians to shout "war-monger" at Mr. Roosevelt.

Among those crying "war-monger" Congressman Roy Woodruff of Michigan has been conspicuous. No person pretending to weigh the effects of the President's foreign policies on the masses of the North Central region can afford to ignore the actions of Congressman Woodruff and his colleagues. Woodruff has served eleven terms in the House of Representatives, with continuous service since 1921. He is well acquainted with the temper of Michigan, and he knows that the more President Roosevelt talks about war the more rapidly he skids in popular esteem. Moreover, Woodruff is a party Republican of the first order and is glad to do any little thing he can to grease the skids—such as wailing when the President "sticks our collective noses into the affairs of other countries." Of course, when Congressman Woodruff and other Michigan Republican politicians heap abuse on the President's European policies, they are just making ultimate victory doubly sure. They do not really need that ammunition; the state is safe for them.

Michigan is easily the most prosperous of the North Central states. It is the world center of automobile manufacturing, and the automobile business is improving. For example, net sales of the Chrysler Corporation for the first quarter of 1939 were $182,560,725, as compared with $88,585,855 for the first quarter of 1938. The oil industry, too, is developing; more oil wells are constantly coming in. And Michigan leads the world in navy beans. Agriculturally it is no better off than the other states, but its mines are having a fair year, its great furniture business makes little complaint, and the important tourist trade shows strength. There is, in fact, already a measure of recovery in Michigan, and many signs point to a spurt, possibly extended, before long.

But while the state is in better condition than it was in 1931-32 under Hoover, as it has been intermittently under the New Deal, the Democrats generally and the President in some measure have continued to lose support. To quote a former governor: "In the latest election, when former Governor Fitzgerald ran against Frank Murphy, who was then governor and now is attorney general of the United States, the state went Republican for Fitzgerald by nearly a hundred thousand, although charges were made that the worst elements in the state were behind him and a terrific campaign was made for Murphy. The President is still more popular with the masses than he is with the politicians, but even so, unless there is something in the air that might approach a cataclysm, Michigan is Republican."

Michigan is historically Republican but occasionally goes into a tailspin. It went into one in 1912, when it gave Theodore Roosevelt, running on the Bull Moose ticket, the "liberal" candidate of his day, the largest

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majority of any state in the union. It put on a similar performance in 1932 when it gave F. D. R. a margin of 140,000 over President Hoover. But now it seems anxious to return to its traditional role. It offers two strong native-son candidates of its own—District Attorney Thomas E. Dewey of New York City and its famous Senator, Arthur H. Vandenberg. Either one on the Republican ticket—some Michigan Republicans expect the two to form the ticket—would assure a G. O. P. triumph in the state. But opinion is swinging so far back to the right that I believe even Hoover could win. In fact, to quote Michigan's elder statesman, Chase S. Osborn, the outlook is "hopelessly Republican."

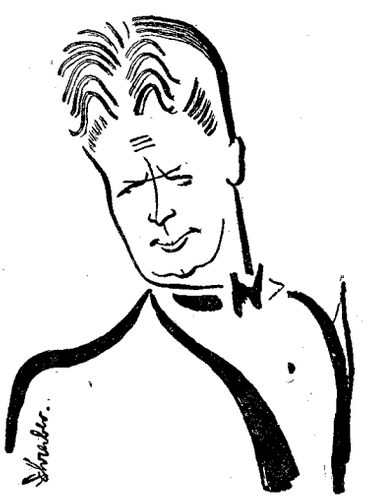
In South Dakota the New Deal outlook is equally doleful. One sage commentator put it like this: "There has been no appreciable trend away from the New Deal —because there never was any sentiment for it." He is not far wrong. In the panic of 1932 South Dakota voted against Herbert Hoover, 183,515 to 99,212, and unavoidably handed its four Electoral College votes to Mr. Roosevelt. But soon it was well along on the march back to its traditional staunch Republicanism, and four years later, when most of the country went more strongly for Roosevelt than before, South Dakota trimmed his margin to 35,000. By 1938 it had swung all the way back, and the best Democratic slate, Congressional and state, South Dakota had ever offered to the electorate was beaten easily.

The state's conservatism is as indigenous as its gumbo. Its citizens frown on new political and socio-economic proposals. It raises wheat and beef. Business this year, like business last year, is bad. It has no big cities, no big business, little organized labor. It is against union labor, whereas the New Deal is pro-labor. An editor said to me, "I have not found even a Democrat who feels there is any prospect of a Democratic victory in 1940."

The New Deal seems a little stronger north of the state line. North Dakota is like South Dakota only in being basically agricultural. It is as "wild" politically as South Dakota is conservative. It has had state banking, state grain elevators, state lignite mining. In its woolliest Nonpartisan League days some farmers were virtually anarchists; for practical purposes they made the "laws" and administered them on the spot. It looks now as if the state would go against the New Deal, but something may happen tomorrow to keep it in the Democratic column. Big wheat prices might do it; war in Europe might do it; collapse of the present Republican state administration might do it; heavy federal farm subsidies might do it. But I do not believe any of them will.

At one time Minnesota was almost as wild as North Dakota; that was during the heyday of the Nonpartisan League in the early twenties. It settled down, however, to control by the Farmer-Labor Party in the early thirties. At that time the La Follettes were still running as nominal Republicans in Wisconsin, and Minnesota was the only state controlled by a third party. The guiding spirit was redheaded Floyd B. Olson. But when Governor Olson died, the party lost its unity and virility, and two years later, after eight straight years in the state capitol, the Farmer-Labor Party fell before a redhead not unlike the redhead who had made it. I refer to Harold E. Stassen. When we were in school together, "Red" used to say that some day he would be governor. He was sworn in on January 1, 1939, when he was thirty-one.

Governor Stassen calls himself a liberal. I think he is. I think he is the kind of liberal the Republicans always talk about—but never nominate for President. Perhaps some day they will have to nominate Harold Stassen—not in 1940, of course, because he won't be old enough under the Constitution. Apparently he has saved the state for the Republicans in 1940. He has triumphed nobly over the Old Guard-controlled legislature and strengthened the party by doing it. In the last election the Old Guard concentrated on electing legislative candidates, on the theory that if it could not beat Governor Elmer Benson, it could hamstring him by capturing the legislature. After Stassen beat Benson, this Old Guard legislature tried to thrust some ruthless anti-labor bills past him, but Stassen proved the better maneuverer and wound up by achieving a somewhat fairer labor measure, the state's first civil-service law, and improved social security. If the Old Guard had succeeded in pushing through its reactionary measures, Minnesota again in 1940 might have looked to Democracy for its liberalism. Now it looks to Stassen. And Stassen will say, "Vote Republican." He will say that regardless of the character of the nominee. For he learned long ago about party unity.



Philip La Follette

Minnesota is unhappy economically. Its leading industrial city, Minneapolis, has been the scene of some of the nation's bloodiest strikes. Its farms are heavily mortgaged, its forest lands denuded. It went to the left with Governor Olson and with President Roosevelt, hoping for relief. It found none. It is getting ready to turn to the right.

The picture is not so clear in neighboring Wisconsin. For one thing, the La Follettes of the routed new Pro-

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gressive Party are keener than the Bensons of the routed Farmer-Laborites. For another, the Republican administration in Wisconsin, in a state much sounder economically, has not done nearly so well as Governor Stassen. The big-business governor, Julius P. Heil, has learned daily that a business man knows less about politics than a politician does about business. He has been unable to fulfil his extravagant promises of economy, which were based on the politically juvenile belief that he could run the state government like the Heil machinery company. Mr. Heil has also talked too much. He fancies himself a super-salesman, which indeed he is for Wisconsin cheese, but apparently not for Republicanism. His closest political friends admit privately that Republican prestige has fallen sharply since his inauguration.

But the prestige of the Democratic Party, which was a bad third to the La Follette Progressive Party's bad second in the Republican sweep last fall, is approaching a new low. In Wisconsin as in the nation the party is divided into "conservatives" and "liberals," and in Wisconsin the conservatives belong with the Republicans and the liberals with the Progressives. There is talk that the La Follettes may try to capture the party to use in the cause of the liberals in the next Democratic convention. To me this seems unlikely, especially if Senator Bob La Follette decides to run for reelection, and he has given no indication that he will not.

The efforts of Philip La Follette, whom Mr. Heil displaced from the governor's chair, to make the Progressives a national third party have apparently fizzled. I remember the night the party was launched nationally, in the big stock barn on the university campus at Madison, and how confident Phil was of its future. "As certain as the dawn comes in the morning," he boasted. But the party has made no progress, and it is not popular as a national medium with many of its loyal state members.

The most logical place for the La Follettes seems to be shoulder to shoulder with the Roosevelt crowd, while they maintain in the state their identity as Progressives. That arrangement would probably assure Senator Bob's reelection, since he draws considerable support from the conservatives, but the Republican Presidential candidate, if he has any quality at all, would still carry the state. The reason is simple: in Wisconsin, as in the other North Central states, the swing is unmistakably to the right.

[*The articles of this series are appearing every other week.*]

Russia's War Strength

BY FRITZ STERNBERG

THE question of the true value of the Red Army and of Russia's war potential as a whole is as controversial as it is vital to the immediate future of Europe. It is a substantial consideration in the plans that Britain and France are feverishly pushing for obtaining Russian aid in another war. If one assumes that the Third Reich will have to fight eventually on two fronts, an examination of Russia's war strength should start with a comparison of the war potential of the Soviet Union with that of czarist Russia in World War days.

Czarist Russia had a population of 139,700,000 in the territory of the Soviet Union of today. Of this number, 25,700,000 lived in cities, 114,000,000 on the land. Its economy was overwhelmingly agricultural; its agricultural technique was primitive. The big landowners exploited the peasantry recklessly. The output was small compared with Western standards. Industry, in great part built up with foreign capital, was still in its infancy and of course far behind that of the West European states—absolutely as well as per capita. There was no question of competition in the industrial field between czarist Russia and its arch-enemy, the Germany of Wilhelm II. In 1913 the production of the heavy industries of the two countries was as follows:

	Germany	*Russia*
	(in million tons)	
Coal	190.109	30.745
Iron ore	29.000	9.537
Raw iron	19.309	4.637
Steel	18.935	4.790
Oil	.121	9.200

Germany, as we see, was far ahead, producing more than six times as much coal and four times as much steel and iron. Only in petroleum production was czarist Russia superior. Consequently Russian industry was unable to produce the weapons needed by the Russian army. Another handicap for the czarist war machine was the backwardness of the Russian railways. With an area about forty times as large as Germany's, Russia had only about the same track mileage. If we add that in a modern mechanized war the factory worker is his country's best soldier, we have the answer to the question why the Germany of Wilhelm II could win a victory in the East with only a small part of its military power.

In comparison with czarist Russia the Soviet Union has made a great step forward in industrial production, and that means in the development of its war potential. With the exception of the United States, Russia is the

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least dependent on imports of war material of all the world powers. In contrast to France it produces all the coal it needs; in contrast to Germany and England, all the necessary mineral ores; in contrast to Germany, France, and England it has its own oil.

Czarist Russia, of course, had the same independence of foreign raw materials, but this independence was not then of decisive value because the industrial apparatus to turn the raw wealth into goods did not exist. Today the essential industrial apparatus is a reality. Russian raw-material production and Russian heavy industry are able to compete with the West. In total output the Russian heavy industry has already caught up with the German; although the per capita production remains far behind the German or that of any West European country. The figures for 1937 and 1938 are given in the following table:

	Germany		*Russia*	
	(In million tons)			
	1937	1938	1937	1938
Coal	184.51	181.00	104.06	106.00
Iron ore	8.52	11.12	28.00	30.00
Raw iron	15.95	18.59	14.52	15.00
Steel	19.84	23.23	17.82	18.00
Oil	00.45	0.55	27.59	29.00

If we compare these figures with the corresponding ones for 1913, the immense progress made by Soviet Russia becomes obvious.

The overwhelming superiority of German heavy industry before and during the World War allowed the German General Staff to mass its armies on the western front, and to defeat Russia in 1915 with a comparatively small force. Russia was not prepared for the rapid consumption of its war-material reserves and was not able to replace them through a war-time production of its own. Today Germany has no such advantage. In the iron and steel industry it is still a little ahead, but to keep up production on the present level it needs imports of ore. Russian iron-ore production is today many times that of Germany. In coal production the Germans are considerably ahead, but their lead does not count much because Russia is the second oil producer of the world.

The tremendous importance of this development of Russian heavy industry cannot be overestimated. It changes the face of Europe. The famous Schlieffen plan —to keep four-fifth of the German troops in the West— is not possible any more. In a war on two fronts Germany must protect its eastern frontier with much stronger forces than were needed in 1914. The strengthening of the Russian war potential means real, even decisive, relief for France. A Russian steel production four times as large as before the World War will hold an important part of the German army in the east. It will have for France the value of a second Maginot line if the English-French-Russian alliance is concluded.

To the question whether the Russian armament industry has similarly expanded in volume, the answers differ wildly. Per capita armament production is still far behind that of Germany and the rest of Western Europe. But in comparison with czarist Russia the progress is immense, even though the relative newness and inexperience of Russian industry in general hinders the perfect coordination of the various industrial processes. It is interesting to note that German military critics valued the Russian armament production very highly even while the Third Reich was taking a sharp line with the Soviet government. Dr. Erwin Haudan wrote in his book "Das Motorisierungspotential der Sowjetunion" (Publication of the Institut für allgemeine Wehrlehre der Friedrich-Wilhelm-Universität Berlin):

> In a relatively short time the Soviet government has succeeded in motorizing the Red Army to such an extent that it belongs in this respect among the best-prepared armies of the world.

He added:

> The basis for the "technical reconstruction" was laid by the five-year plans. These plans moved the Soviet Union to first place among the highly motorized military states of today. And this development is not yet finished. The present condition of the Russian armament industry makes a continuous motorization of the Russian army in all its departments—as the Two-Year Plan of Stalin proposes—entirely possible.

Today the Red Army possesses more modern tanks than any other army.

Of Russian airplane production Haudan reports:

> During the period of the Second Five-Year Plan Russian airplane production became entirely independent of the outside world. Russian-built planes replaced those manufactured on licenses, however much the former may profit by foreign models. The new Russian planes are principally very heavy bombers and reconnaissance planes. Qualitatively great progress is to be noted since the first planes built in the period of the First Five-Year Plan. The necessary raw materials and the power facilities for production and upkeep of the planes exist in Soviet Russia. The most important plants of the industry are situated far beyond the reach of foreign air attacks. In technical quality the standards of all the other military states are reached except in the production of motors. But serial production of the best foreign models —the French Motors Gnome Rhone K 14, the French Hispano Suiza 12Y, the English Bristol-Jupiter, and the American Wright Cyclone—has been prepared by the Second Five-Year Plan.

Haudan's statements about the Russian air armament have been confirmed by other German experts, for example, by Colonel von Bülow in an article on Soviet Russia's Air Power in the *Militärwissenschaftliche Rundschau*.

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Recently—and significantly enough, just at the time of the English-Russian negotiations—German military critics have become more skeptical about the value of the Russian air armament. In a weekly report of the Deutsches Institut für Konjunkturforschung, which has been reprinted in the whole German press, the observation is made that Russia is again importing airplane material. "The importation of airplanes, motors, and parts was in no year so great as in 1938; imports from the United States alone cost 12,900,000 Reichsmarks." In an article in *Deutsche Wehr* for April 27, 1939, it is estimated that Russia possesses 12,300 planes, half of them planes of the first line.

Of course one must ask: Suppose the Red Army has enough modern equipment for the beginning of a war, is Russian industry capable of assuring the necessary production for a continued war? It is known that the material reserves will suffice only for a few months. The yearly loss of airplanes in the World War was not less than 600 per cent; every second month all the planes of the first line had to be replaced. In other branches the quota of loss is much smaller, but modern mechanization makes great additional demands on industry. A long war will be decided not by the volume of war materials possessed at the beginning but by capacity for further production. Where does the Russian armament industry stand in this respect? Dr. Haudan answers that it is on the whole adequate. He admits at the start that the relatively recent industrialization of the Soviet Union causes a great part of the production to be bad or wasted. Of military production, however, he says:

> It would be a mistake to conclude that the inferior quality of Russian production extends also to armaments and lessens the strength of the Red Army, the air fleet, and the navy. On the contrary, it must be admitted that a state which concentrates its whole economy on means of defense gives its best production to the army. Motor vehicles of all kinds delivered to the Red Army—built mostly after foreign models and of superior quality—are much better than ordinary cars and tractors of Soviet construction. If the Red Army in respect to the quality of its motorization is still behind the standards of other military states, the development in the last years shows that here also improvement and a gradual catching-up with other states are possible. . . . The question whether Russia will be able to satisfy the growing motorization demands of a modern war through enlargement of its industrial production has, with certain reservations, to be answered positively on the basis of the present volume of Soviet industry and its preparations for mobilization.

To summarize: if the world political situation as compared to 1914 has been changed by the accelerated tempo of Germany's economic preparations for war, another change consists in the fact that Soviet Russia as a military power is much stronger than was Czarist Russia. This is the opinion of other German experts who have analyzed the situation from different points of view. Ferdinand Friedensburg writes in his work "Die mineralischen Bodenschätze als weltpolitische und militärische Machtfaktoren" (Ferdinand Enke-Verlag, Stuttgart, 1936):

> In spite of the tremendous material and spiritual influence of coal and iron on the origin, development, and outcome of the World War, the changes made in the distribution of the economic forces of coal and iron were relatively small. A new war would find the same situation in this respect that the great struggle of 1914-18 found. For the two Anglo-Saxon world powers no change at all has occurred. France would face the same dangers as in 1914; with its coal and iron deposits near the frontier, it could hardly contemplate a war of long duration without help from one of the great coal powers. . . . Of all the great powers only Russia would face a new war essentially stronger than in 1914. It has learned under the pressure of economic want to manage without imports and it has built up a powerful production apparatus. The experiences of the World War taught it that a state at war can only count with surety on those mines and industries that are situated in the inner parts of the country.

The progress of Soviet Russia has been rapid, but certain weaknesses which might be decisive should not be overlooked. One of them is the transport system. Soviet Russia has of course built new railways—30,000 additional kilometers of tracks—but in relation to the vastness of the country the mileage of the railways is still very small. A writer in the *Kriegswirtschaftlichen Jahresberichten* said rightly: "Even at the end of the Second Five-Year Plan, with 94,000 kilometers of track, an area of one square kilometer would be served by only 0.0045 kilometer of track." The railways of the United States are four times as long (393,125 kilometers) and more than ten times as dense (0.05 to one square kilometer).

Another point to consider is the fact that the transformation of peasants into efficient industrial workers, a process which took more than a century in Western Europe, cannot be completed in a few five-year periods. The newness of industrialization in Russia and the relative smallness of the cadres of qualified workers are the reasons why the more complicated industries do not progress with the same speed as raw-material production and the heavy industries. This holds especially for the automobile and machine-tool industries. Also the general internal situation is an important factor in any analysis of the Russian war potential. The execution of the several five-year plans, together with the forced and hasty collectivization of agriculture, brought large sections of the peasantry into opposition to the regime. The tremendous loss in live stock is only today being replaced. There are many military, economic, psychological, and social obstacles to increasing the Russian war potential, but the

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fact remains that the difference between the Russian and the German war potential of today is much smaller than it was in 1914. This would be especially true should the Red Army remain on the defensive. The Third Reich cannot win a war that it must fight on two fronts at the same time. That explains the anxiety with which it follows the British-Russian negotiations. It explains also the stubbornness with which the British negotiate.

The House of Morgan

BY RANDOLPH PHILLIPS

II

THE net worth of J. P. Morgan and Company was $118,000,000 on December 31, 1929. Today it is 38 per cent of that sum. All banks in New York City lost capital funds during the savage deflation of the early thirties, but many of them have almost regained their 1929 totals. Two major banks, not counting those fattened by recent mergers, have greater capital strength today than ever before. Why have the riches of Morgan dwindled in comparison?

"Even when the panic came in 1929 no one had any conception of the length and depth of the depression which it heralded. . . . The extent of the inflation and the extent of the deflation were both beyond our reckoning," wrote Russell Leffingwell, most persuasive theoretician among the Morgan partners. Morgan's Wall Street leadership was to reappear for only one brief moment after the October panic. This was in the management of the $138,000,000 bank pool, formed at the suggestion of Charles E. Mitchell, that temporarily steadied the swooning market in the closing months of 1929. Early in 1930 the pool sold out—at a profit of $1,000,000. Shortly thereafter the inevitable overwhelming liquidation of the World War and post-war inflations was relentlessly resumed. Not even the House of Morgan could prevent the subsequent decline of $74,000,000,000 in paper values.

The constricting deflation made the country cry out in agony. But when the Roosevelt Administration came to power, the Morgan partners failed to welcome the change or to indorse the New Deal program. This was ill-advised, since several of the partners anxiously believed in the necessity of "reform." Mr. Leffingwell let it be known that he at least had voted for Roosevelt, and J. P. Morgan, at Mr. Leffingwell's prompting, did finally approve in public one Roosevelt act—departure from the gold standard. It was a difficult time for the firm to board the Roosevelt band-wagon. The Pecora inquiry in May, 1933, by an expeditious illumination of Morgan tax returns and secret "preferred lists," set off dynamite which helped push the New Deal program through Congress.

Meanwhile, Wall Street waited for its leader to rebuke the New Dealers in Olympian accents or, failing that, to make an honorable peace. To its strained ears came only the defensive tones of the Morgan partners in the Senate confessional. For fifteen years preceding the depression the partners had been untouched by the hands of government. Before the end of 1938 they had undergone one SEC and four Senate investigations.

Passage of the Banking Act of 1933 put J. P. Morgan and Company—and other deposit banks—out of the security-underwriting business and forced it to publish regularly a statement of condition. These statements are quarterly testimony that it is no longer one of the ten largest banks in the country. The new law also took control of the Federal Reserve System out of the hands of the New York Reserve Bank and restored it to the board in Washington. Next came the Securities Exchange Act establishing the SEC, and in four years the clique headed by Richard Whitney was ousted from control of the New York Stock Exchange. The Tripartite Currency Agreement completed the task of placing foreign-exchange management in the hands of the Treasury. In 1934 the Johnson Act was passed, and by prohibiting loans to governments in default on war debts it cut off Morgan from lending to clients who had provided almost $6,000,000 net profit between 1920 and 1931. The Emergency Transportation Act of 1933 and the Public Utility Holding Company Act of 1935 placed Morgan's greatest modern combines, Alleghany and United corporations, under government regulation. With the passage of the Neutrality Act forbidding the financing of warring nations, there came a halt in legislation directly affecting the bank's business. Some of these acts were specifically designed to strike at the Morgan power, but they have affected all Wall Street.

The most spectacular result of this legislative assault was seen in September, 1935, when Morgan's younger son, Henry, together with Partners Harold Stanley and William Ewing, resigned from the firm and established Morgan, Stanley and Company to carry on the underwriting business previously enjoyed by J. P. Morgan and Company. In 1936, the first full year of its activity, the new bond firm originated about 24 per cent of the

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total corporate and foreign capital issues sold in this country, in 1937 about 23 per cent, and in 1938 about 24 per cent. J. P. Morgan and Company originated between 1927 and the end of 1932 slightly less than 6 per cent of the total capital issues. For the six years as a whole the parent house was first in rank among all issuing houses, measured solely by the amount of bonds originated.

In 1938 Morgan, Stanley was first in rank, its 24 per cent amounting to roughly 40 per cent more than the business of its closest competitor and being the cream of recent new issues underwritten by banks. But a direct challenge to the present system of bank underwriting was made in 1938 by the growing amount of bonds sold directly by corporations to large institutional investors. This method renders an underwriting bank unnecessary. Recently Robert R. Young insisted on competitive bidding for Chesapeake and Ohio Railroad and Cincinnati Union Terminal bonds. He not only achieved higher prices for the two companies but deprived Morgan of two profitable bond issues, a lèse majesté without modern precedent and a further hint that the old system of corporation patronage can be changed.

While its bond business has gained competitively and doubled in volume, Morgan's rank measured by deposits alone has fallen. What this signifies may be judged by Mr. Morgan's statement in 1933 that "the larger part of our business is the banking business, the straight banking business," while underwritings were "the least profitable part" as well as "the lesser part." Shortly before the World War, J. P. Morgan and Company was the fourth-largest bank, measured by deposits, in the United States. The World War made it the third-largest bank. In 1927 it was the sixth-largest bank, in 1928 the tenth, in 1929 the twelfth, and in 1930 the eleventh. By 1931 it had dropped to fifteenth position; in 1932 to sixteenth and in 1934 to seventeenth. During 1935 and 1936 it was sixteenth, in 1937 seventeenth, and at the end of last year it was again sixteenth. The merger movement among leading banks probably helped to push it down the list in the years preceding 1930. Since then its drop may be explained by the impoverishment of many of its fifty-two oldest and once biggest depositors, especially fifteen railroad or railroad-supplying corporations and two large utilities, and by the loss of foreign accounts. The splitting off of its bond business has cost it few deposits, since nearly all of Morgan, Stanley's clients have their funds cleared through it.

The First National Bank of New York is more comparable to the Morgan bank than any other bank in the country. Both deal almost entirely with the larger corporations and wealthier individuals, and have a limited number of clients. From 1927 to 1930, inclusive, Morgan had more deposits than First National; from 1931 to date the latter has each year exceeded Morgan in total deposits. More noteworthy is the capital comparison:

TOTAL CAPITAL FUNDS[1]
(000 omitted)

	J. P. Morgan and Co. (including Drexel and Co.)	*First National Bank*
Dec. 31, 1914	$30,600	$31,595
" " 1917	68,700	38,949
" " 1927	71,638	92,799
" " 1928	91,555	102,684
" " 1929	118,604	113,359
" " 1930	91,843[2]	124,009
" " 1931	52,959[3]	122,537
" " 1932	53,194	91,483
Mar. 31, 1933	44,862[4]	82,579[6]
Dec. 31, 1934	54,934	99,218
" " 1935	47,312[5]	100,572
" " 1936	49,547	116,960
" " 1937	46,792	118,207
" " 1938	43,988	119,072

[1] Morgan designates this "net worth."
[2] January 2, 1931.
[3] January 2, 1932.
[4] No Morgan statement available for December 31.
[5] After Morgan, Stanley and Company was established with $7,500,000 capital.
[6] April 14, 1933.

If Morgan, Stanley's capital is arbitrarily tripled to allow for heavy earnings, and then added to the December, 1938, capital account of J. P. Morgan and Company, the total becomes a little more than $66,000,000. Even so the combined Morgan capital structure is noticeably diminished from the 1929 peak. It is also lower than in 1927 and is less than 60 per cent of First National's capital. At the end of 1938 the capital funds of all New York City banks totaled roughly 75 per cent of their 1929 aggregate. J. P. Morgan and Company's capital plus Morgan, Stanley's known capital is only 44 per cent of the 1929 total, and even if Morgan, Stanley's capital is tripled and then added, the combined figure is only 57 per cent.

One explanation of Morgan's present capital position is that it made some improvident and unsound loans. The first such loan was of about $10,000,000 to Charles E. Mitchell to enable him to support the market price of National City Bank stock during the 1929 collapse. Today about $6,000,000 of this loan is still unpaid, and the Morgan loss is estimated at about $4,000,000. Although Richard Whitney borrowed millions from his brother George, the only unpaid debt of his to J. P. Morgan and Company is an unsecured loan of $474,000. This appears to be a completely irrecoverable sum.

The most startling loss suffered by the Morgan bank was on two loans totaling $11,000,000 to privately owned companies of the Van Sweringen brothers. These loans were part of a total of $41,000,000 raised by a Morgan syndicate in October, 1930, to save the Van

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Sweringens from disaster after a loss of $24,000,000 on speculative stocks had imperiled control of their huge pyramid. About half of the brothers' loss resulted from a questionable method of supporting the market in Alleghany, but in spite of the improprieties the Morgan group helped the promoters escape from their predicament. The First National Bank refused to participate in the loan, it has recently been revealed, because its officers felt it was "not appropriate" for the bank's portfolio "due to the long maturity and lack of diversification of collateral." (His bank having turned down the loan, George F. Baker II personally put up the money in the belief it was adequately secured. "I felt the situation at that time warranted cooperation," he later explained.) The Chemical Bank and Trust Company likewise refused to participate in the loans, as did Lee, Higginson.

The Bankers Trust, the Guaranty Trust, and the New York Trust companies participated in the "rescue party." Two Morgan partners sat on the executive committees of each of these banks, and as directors voted approval of the banks' acceptance of the participation. More than half the members of these committees had shared in Morgan stock syndicates or had been lent money by the Morgan bank or were Morgan partners. Although Morgan had kept 60 per cent of the richest Van Sweringen stock syndicate, it now took less than 30 per cent of this "rescue" loan. The luckless Charles E. Mitchell assumed a $4,500,000 participation on behalf of the National City Bank, while Albert Wiggin's Chase National took $5,500,000. Total losses to the lenders exceeded $30,000,000. Morgan's loss was more than $9,000,000, and probably no other venture has so greatly diminished its prestige. To this loss should be added another of $3,700,000 on a deal in bonds of the Van Sweringen-controlled Missouri Pacific Railroad.

The known losses on the loans mentioned above account for a large slice of the Morgan capital decrease. A failure to replace withdrawn capital with new capital has enhanced this loss. The retirement of Partner Thomas S. Gates in 1930 meant the withdrawal of probably $4,500,000 from the capital account, which was reduced almost $10,000,000 more after Messrs. Henry Morgan, Ewing, and Stanley resigned in 1935; the death of Thomas Cochran in 1936 withdrew probably another $4,000,000, and that of Horatio Lloyd in 1937 another $2,600,000. Last May Edward T. Stotesbury died, and shortly thereafter almost $4,000,000 was withdrawn from the bank's capital. Losses on the loans previously mentioned total about $17,000,000. Thus roughly $42,000,000 of the $75,000,000 capital shrinkage since 1929 can be itemized. The remaining $33,000,000 is made up, presumably, of losses on the bank's investments and other loans. There also have been some capital withdrawals by the present partners in order to take care of personal problems arising outside the bank.

But a change in size and net worth is not the only way a bank changes. There may be a loss in prestige such as resulted from Richard Whitney's business failure and his conviction for larcency. These acts have not improved Morgan prestige in the United States or in Europe. As the brother of a Morgan partner and as the Morgan broker, Richard Whitney was the master spirit of the Stock Exchange during the nine years before his collapse. His breaking was a severe blow to the Morgan papacy.

Both Thomas W. Lamont and George Whitney knew for three months preceding the failure of Richard Whitney and Company of the broker's misappropriation of assets belonging to the New York Stock Exchange. When Mr. Lamont lent George Whitney $1,082,000 to enable Richard to repair his theft, the two Morgan partners "decided" not to tell their other partners about it. Neither did they report their knowledge to the officials of the Stock Exchange, to the police, or to the Securities and Exchange Commission. Richard Whitney proceeded to fleece fourteen additional persons and institutions of more than $1,200,000. Had the partners refused aid, had they reported the dereliction, they would have served notice to the world of a severe and high standard of ethics that would have affirmed beyond cavil the Morgan claim to superior Wall Street morality. Instead, Mr. Lamont, the most responsible member of the firm, acted as "the dictates of my heart commanded." George Whitney "did what any brother would do." Humanly understandable as this is, it has not strengthened the foundations of 23 Wall Street.

Nor have the present prices of many Morgan securities sold between 1927 and 1932 enhanced the bank's reputation. In these years railroad operating and holding-company bonds together with foreign issues accounted for $1,200,000,000, or one-half of the total Morgan bond originations. On March 31, 1939, their market price showed a depreciation from par value of roughly $460,000,000. In addition, a loss of roughly $500,000,000 has been withstood by the owners of stocks in Alleghany, Standard Brands, and United corporations. Another $33,000,000 to $40,000,000 has been lost by depreciation of Morgan-sponsored utility and miscellaneous bond issues. Together these losses total a billion dollars. Less than 15 per cent of this amount is offset by the premiums at which the better-grade Morgan utility and miscellaneous bonds were redeemed or are now selling.

The entrance of the Giannini interests into the National City Bank and of Winthrop W. Aldrich into the control room of the Chase National Bank has placed Morgan opponents inside the two largest banks in the country. Morgan partners still outnumber any competitive interest on the executive committee of the third-

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largest bank, the Guaranty Trust Company, but deaths have deprived them of irreplaceable directorships in the Bankers Trust Company, the fifth-largest bank in New York, while independent spirits outside the Morgan circle still rule the Central Hanover, the Manufacturers Trust Company, the Irving, the Chemical, and the Bank of Manhattan, which are respectively fourth, sixth, seventh, eighth, and tenth in size among New York banks. The ninth is First National, and the death of George F. Baker II left this strong institution in the expert hands of Chairman Jackson Reynolds and President Leon Fraser. Mr. Reynolds's refusal of the Van Sweringen loan participation testifies to his independence, while the least that may be said of Mr. Fraser is that he is not a Morgan yes-man. The Morgan house is today the eleventh-largest New York bank; the twelfth is the New York Trust, on whose executive committee sit more Morgan partners than competitive representatives. The partners' votes to have the bank participate in the Van Sweringen loans and the fact that the bank lent money to Richard Whitney after these partners knew of his "unwholesome" condition cannot have increased the Morgan popularity among the stockholders of the New York Trust.

Finally, in considering Morgan's present position attention should be called to the six-year failure to take in new partners. The policy of making partners of the sons of partners has brought amiable men but no brilliant minds into the firm. In the New York office of J. P. Morgan and Company there was not until a few weeks ago one partner under the age of fifty except Mr. Morgan's son, Junius Spencer; Mr. Lamont's son, Thomas Stilwell; and the late Mr. Davison's son, Harry. As for the elder statesmen, Mr. Morgan himself is seventy and admittedly "more or less retired"; the slyly humorous "master of salesmanship," Thomas W. Lamont, is sixty-seven, and the semi-retired Charles Steele is past seventy-five. Of the younger men, only Mr. Leffingwell, who is fifty-nine, and George Whitney, who is fifty-two, are exceptional personalities. Arthur Anderson, who is fifty-seven, and Francis Bartow, who is fifty-six, are exceedingly capable, but neither has the creative imagination or is expert in the "diplomacy" that distinguish the elder Mr. Lamont. S. Parker Gilbert's tragic death early last year deprived the firm of possibly its most cunning intelligence. Of the three partners added a few weeks ago after the six-year hiatus, Henry C. Alexander, who is thirty-seven, formerly was in the Morgan law firm of Davis, Polk, Wardwell, Gardner, and Reed, while Raymond Atkin and William C. Mitchell, who are both forty-six, were department managers in the bank. Thus their partnership makes no addition to the talents previously available to the firm.

One of the least publicized facts about the house is that it is not any more, strictly speaking, the House of Morgan. Mr. Morgan and his son Junius have less than a 30 per cent interest in its profits; the other partners have 70 per cent. To be sure, Mr. Morgan, with about 25 per cent, still has the largest single interest, but this is outweighed by Mr. Lamont's 10 to 14 per cent; the 8½ to 9 per cent each of Messrs. Leffingwell, Steele, and Whitney; the lesser percentages of Messrs. Bartow and Anderson; and the still smaller percentages of young Davison and Lamont. The 70 per cent likewise includes the minor interests of the Philadelphia partners. These approximate figures only slightly indicate how the Morgan name is a banner fluttering over the activities of the more energetic and imaginative partners.

Mr. Morgan, an honest, bluff old squire, has little taste for indirection. Witness his blunt statement that he had "no suggestion" on what to do after the Whitney scandal was first reported to him; reported only after the other partners had failed to head it off, and the case was about to become public knowledge. Junius Spencer Morgan, who is about forty-five, will some day succeed his father, but like him has a temperament unsuited to active leadership. The most forceful Morgan is the younger son, Henry. With suave, kindly Harold Stanley as president, pleasant William Ewing and other capable men as vice-presidents, Henry's firm of Morgan, Stanley and Company may prove the more ponderable. If J. P. Morgan and Company is to regain its ancient glory, a reorganization of its cabinet seems essential.

It remains to be seen whether the monopoly inquiry will hinder or help the return of the House of Morgan to its former position. Advance proclamations indicate an intention to grapple anew with the problem of the "money trust." Despite New Deal legislation the House of Morgan and a handful of other private banks still have privileges not available to national and state banks. Membership in the Stock Exchange is enjoyed by Morgan and denied most other banks. Interstate branch banking is denied the thousands of state and national banks, but Morgan as a private bank is able to have a branch in Philadelphia, and also to have houses in London and Paris not subject to supervision by the United States authorities. These branches have foreign capital, foreign partners, and divided allegiances. The London senior partner, E. C. Grenfell, is not only a director of the Bank of England but also a member of Parliament. As short a time ago as 1938 the helping hands of Prime Minister Chamberlain changed plain Vivian Hugh-Smith of the London partnership into Lord Bicester. The inquiry might, by reviewing Morgan's World War and post-war history, compare the attitude of the house toward the Bank of England and British financial policy with that shown toward the Federal Reserve Board and the White House.

Indeed, the relationship of Morgan to the moneyed

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interests of Europe has never been adequately investigated. Not only does the bank continue to be the paying agent for interest coupons on its syndicated German and Italian bonds, but it continues to play a role in international affairs. Twice in vain the State Department at Washington protested against the falling off of dollar payments on the Dawes and Young bonds sold by the house. Then something happened, and the Hitler government suddenly improved the rate of payment. This incident and Mr. Lamont's regular visits to Mussolini are worthy of examination. Nevertheless, the Morgan partners have lately spoken for "democracy" and against "dictatorship." Their German, Italian, and Japanese bond issues have dropped $300,000,000 below their original value, while the bonds of the foreign democracies are selling today at a premium. No longer does Mr. Lamont write of Italy's "economic and social progress." But the Morgan partner who was capable in 1919 of conjuring up the red hobgoblin the better to urge United States ratification of the Versailles treaty—refusal, he said, would "spell renewed Bolshevist activity throughout Europe, spreading to America . . ."—is still the firm's leading diplomat.

If the interrelationship of American and European finance capital does not interest the monopoly inquiry, the domestic role of the House of Morgan undoubtedly will. Once, in describing the requirements of its clients, the bank stated that they seek expert advice in regard to financial matters, "consolidations, reorganizations, and new enterprises." For nine years the quoted activities have either been non-existent or unprofitable. Today the bank lends to industry less than 6 per cent of its assets; 20 per cent it keeps in cash, some of which is simply redeposited in public banks; while 68 per cent it stores in tax-exempt government bonds. J. P. Morgan and Company, in short, no longer fills its traditional role in the economy of the United States.

Under the New Deal's easy-money policy, banks are relieved of the necessity of paying interest on demand deposits. This enables Morgan to hold some $400,000,000 of tributary-corporation moneys without paying a penny in return. The flow of such deposit patronage from corporation bureaucracies to the banks is fundamental to the maintenance of the House of Morgan and other components of the money trust. These deposits are mainly turned into government bonds, which in turn finance TVA, Boulder Dam, PWA, RFC, and other government enterprises that are made necessary by the inability of private capital to fulfil its traditional economic role. The question therefore arises, has not the time come to do directly what is now done indirectly and to reconsider the economic efficiency of large banks operated primarily for private profit.

[*This is the second of two articles on the House of Morgan. The first appeared last week.*]

Everybody's Business

The Future of Gold

WRITING in *The Nation* of March 11 about the quiet but steady seepage of gold into America, I ventured to predict that our gold problem would soon return to the headlines. It was only a few days later that Hitler marched into Prague and precipitated a new gold rush to these shores. With fears of war revived, European capitalists redoubled their efforts to transfer liquid capital to America for safekeeping. The resultant huge demand for dollars could only be met by shipping gold to this side. For weeks every liner reaching New York carried as much bullion as the insurers would consent to cover.

In April gold imports amounted to $575,000,000—a total only exceeded in February, 1934, and in the crisis months, September and October, 1938. A minor part of this sum represented European Central Bank reserves sent here for safety by governments which realized that Czechoslovakia's gold had been a primary motive for the German invasion. The great bulk, however, went to swell United States monetary gold stocks, which rose in April by $530,000,000 to a new record of $15,790,000,000. In May the pace slackened, but the flow is still large.

With these further additions to our already overflowing vaults, the question of the final destiny of gold becomes more urgent. Will the rest of the world renounce gold as a medium of international exchange, leaving America with a showy but unrealizable asset? The seeker after gold, as Veblen once pointed out, is typically the man who hopes to gain something for nothing, but who more often than not ends up by obtaining nothing for something. Will this prove true of us as a nation? Having exchanged real assets for gold, shall we finally discover we have made a bad bargain because the rest of the world has decided to abandon the fictions upon which the value of gold rests?

There is no sign that the gravity of the gold problem has struck those in the best position to grapple with it. Secretary of the Treasury Morgenthau has on more than one occasion let it be known that the massive influx of gold is the least of his worries. Nor do our bankers show concern. Gold is still for them the keystone of the monetary system, and they cannot imagine a situation in which its prestige would be tarnished. Their attitude was well expressed by the New York *Herald Tribune* in an editorial on March 23. There were no indications, it asserted, of a drift away from gold by any nation. "On the contrary, the very political uncertainties prevailing today have tended, if anything, to emphasize the value of gold as the one commodity that remains, after all these centuries, an acceptable and unquestioned medium of exchange, either in peace or war."

Very different conclusions are reached by Professor Frank D. Graham of Princeton and Mr. Charles R. Whittlesey in a detailed examination of the gold problem in the April issue of *Foreign Affairs*. They find nothing in sight to interrupt a continuance of the flow of gold to this country, and they expect, if present policies are maintained, that we shall take over virtually the entire world's stock of monetary gold.

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We surrender real assets in exchange for this hoard, which cannot serve any economic function unless the international gold standard is restored, an event which appears to these authorities extremely unlikely. Meanwhile, the existence of a concentrated stock of gold, the price of which is quite out of relation to the cost of production, presents a standing danger of inflation. This possibility, it might be thought, should act as a check on the foreign appetite for dollars. But since gold is tied to the dollar, any fall in the purchasing power of the latter through inflation must mean a similar fall in the purchasing power of gold. That is to say, gold is no better than dollars, and since the dollar value of gold would fall were we to stop buying all that is offered, it might prove worse than dollars. It is significant that in the last few weeks Europe has started to hoard dollar notes on a large scale, and they now command a premium in London.

Messrs. Graham and Whittlesey regard the continuance of our present policy of maintaining single-handed a fixed price for gold as both expensive and dangerous. One alternative would be to abandon the fixed price and let the metal find its own level. But undoubtedly this course would have devastating effects on gold-producing countries, including Canada, whose economy is closely linked to our own. Moreover, since the price would fall heavily, we should have to take a tremendous paper loss on our existing stock: even if the fall did not go beyond the old mint par of $20.67 per ounce, it would exceed $6,000,000,000. This makes the policy of abandoning the fixed price practically impossible politically. Consequently these economists propose as a compromise a two-price system for gold. Inside the country the value would be maintained, but a heavy duty would be placed on imports. This course, which would approximate our gold policy to our silver policy, is also open to objections. It would undoubtedly be regarded as a breach of the Tripartite Agreement, which aims at stabilizing the exchange value of the dollar in terms of the chief European currencies. Inevitably the exchange value of dollars would rise, for as it would be more difficult to obtain dollars for gold the supply of the former in the exchange market would diminish. And this too would present a political obstacle, since our whole gold policy is based on an effort to keep sterling in line with the dollar and prevent British traders from acquiring an advantage over our own by means of a depreciating currency.

The truth about our gold situation is that we have a bear—or should we say a yellow elephant?—by the tail. Our gold stocks represent an investment which we dare not allow to depreciate, and the only means of defense is to go on adding to it. Fortunately, or unfortunately, there is one other country which also cannot afford to encourage the renunciation of gold as an international medium of exchange. If we have a vested interest in gold as the greatest holders, the British Empire has an equal interest as the greatest producer. It is high time the two countries got together to restore the prestige of the precious metal. Gold was once a god at whose altar all mankind worshiped. But for a generation and more his high priests have kept him away from common sight, deep in the bowels of the earth. To the man in the street he has become a statistical abstraction, a headlined problem, and gods who become problems soon cease to be gods.

KEITH HUTCHISON

In the Wind

A DOUBLE-COLUMN ad in the Wheeling, West Virginia, *News-Register* carried this caption: "Friends Remark How Much Better She Is Looking; Mrs. Anna Deaps Feels the Best in Years." Below appeared a lengthy testimonial from Mrs. Deaps, lauding a "herbal remedy" and reciting what "it has done for me." On the same page, two columns removed, appeared an item which began as follows: "The funeral of Mrs. Anna Deaps, who died at her home on Stark Street, took place this afternoon."

OSTENSIBLY PREPARING a survey of the prospects for jobs of the class of 1939, a representative of the Chicago Chamber of Commerce recently visited the head of the University of Michigan's placement bureau. The interviewer was told that the outlook was unusually favorable, and that 70 per cent of Michigan's graduating class were likely to be placed. "Can't use it," retorted the C. of C. agent, adding, "If you would say that 80 per cent couldn't be placed, we'd use it." He explained cheerfully that the chamber was out to "get" Roosevelt, not to get good news.

AMID CONFLICTING reports of Dr. Schuschnigg's present status, a casual note in the Nazi *Völkischer Beobachter* may provide an ominous clue. That paper, deriding resistance to Nazi penetration, observed: "Herr Schuschnigg has tried to do this under the protection of the British and French. Herr Benes has also done it. . . . Herr Benes is rector of an American university. Herr Schuschnigg's whereabouts today are unknown."

BECAUSE NEWSPAPERS don't report libel suits against other papers, they ignored a notable verdict in a recent suit against Hearst. Ex-Assemblyman Kaminsky introduced a resolution in the New York legislature in 1935 designed to repeal the teachers' oath law. Hearst's New York *American* —now the *Journal-American*—promptly "exposed" his "links" with Communists and the "communistic" Civil Liberties Union. Now a Brooklyn jury has awarded Kaminsky $20,000 in damages. The Brooklyn *Tablet*, incidentally, enthusiastically reprinted the libelous editorial, but has not been sued.

THE "CHINESE SILK" enterprise, reported in these columns several weeks ago, has been abandoned; pressure from Chinese authorities did the trick. . . . Father Coughlin has again been caught borrowing from Nazi sources. The American Jewish Congress Bulletin gives the details. . . . Senator Reynolds has sent propaganda for his American Vindicators to physicians in every hospital in several large cities. . . . The German government is making vigorous efforts to attract American students to Germany this summer. Invitations are flooding the colleges.

[*We invite our readers to submit material for In the Wind —either clippings with source and date or stories that can be clearly authenticated. A prize of $5 will be awarded each month for the best item.*—EDITORS THE NATION.]

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Issues and Men

BY OSWALD GARRISON VILLARD

No Third Term for Roosevelt

SECRETARY ICKES'S coming out for President Roosevelt for a third term is, I think, to be explained solely by the fact that there is at the moment no other outstanding candidate for the job who represents the progressive wing of the Democratic Party. For all his defense of the third term and his assertion that George Washington did not really oppose it, I do not think that Mr. Ickes would take this position if he believed it would be possible for the progressive element in his party to nominate Henry Wallace or Harry Hopkins or Mr. Ickes himself. Besides being extremely courageous, Mr. Ickes is absolutely devoted to the progressive idea and has been so since he bolted Taft in 1912 and joined the Bull Moose effort to give Theodore Roosevelt a third term in the Presidency. He is willing, therefore, to risk the beginning of a dictatorship in the United States by giving his present chief a third term lest there be a reactionary triumph. He is quite willing that an honor should be given to Franklin Roosevelt that has not been bestowed upon anybody else, although he knows that the nomination of the President in 1940 would drive out of the party not only the reactionaries, whom he and I would both like to have out, but also many independents, who, much as they admire many of the things accomplished by Franklin Roosevelt, would deem it treason to the Republic to advocate the continuance of the Roosevelt regime.

I am, of course, entirely in accord with what Mr. Ickes says about Vice-President Garner. His candidacy is preposterous on every ground; his election would be a calamity. Yet I do not believe that the nomination of Roosevelt is the only answer. I would far rather see Bennett Clark chosen, or Governor Stark of Missouri, or Secretary Hull. Mr. Ickes cannot deny that if it should be "necessary" in 1940 to put up Franklin Roosevelt again for lack of anyone else, the same cry would be raised in 1944 and 1948. If three terms are all right, then four terms will be, then five, then six, and then a Presidency for life. That is what the Bull Moosers would gladly have bestowed upon Theodore Roosevelt; and certain friends of General Grant who had profited by being in office or by the wholesale graft that went on in his Administration were also for keeping him in the Presidency indefinitely as the only proper reward for the victor of Appomattox.

If there were the soundest reasons for defeating Grant and Theodore Roosevelt for third terms, there are similarly sound reasons for retiring Franklin Roosevelt to private life—I should take this position if I felt that the Roosevelt Administration were 100 per cent successful all along the line instead of being in very considerable degree a failure, a direct invitation to the electorate to choose once more a conservative for the office. The ten million unemployed, the huge deficit, the boundless waste and extravagance in expenditures, the lack of coordination and efficiency in administration, and the constant playing of politics—these are the measure of Mr. Roosevelt's partial failure. What we need is not a continuance of this Administration but a different kind—not a reactionary one, of course, but one that is progressive and also capable of economy, efficiency, and constructive concentration upon the economic problems that menace the very existence of the Republic.

It is too bad that the lead has been taken by Secretary Ickes, a high office-holder and therefore tremendously in the debt of Franklin Roosevelt. If a third term must be championed, it ought to be by men who are not under obligation to the President and have nothing to gain by his reelection. As it is I want to see an immediate movement to head off that nomination. I should like to have a group of Democratic liberals, if there are others of my opinion, come right straight out in a signed manifesto that they will not tolerate the breaking of the third-term tradition. I hope that Congress will act immediately and vote as it has voted twice before against a third term. The movement for a third term for Grant was assuming threatening proportions when the House voted by 233 to 18 that a third term would be "unwise, unpatriotic, and fraught with peril to our free institutions." When there was talk of a third term for President Coolidge, the Senate adopted an anti-third-term resolution. A bill against a third term is ready now to be presented to the House and should be passed without a moment's delay.

No one man is indispensable to this country. Those who say that our institutions cannot be maintained in their integrity or our domestic evils cured by anyone except Franklin Roosevelt are playing into the hands of the fascist elements. They are giving aid to those groups who want a "strong man" in Washington to smash the labor unions, repeal the Roosevelt progressive legislation, carry on the government for the benefit of big business and the specially privileged, and do away with such control of the government over bad business practices as now exists.

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BOOKS *and the* ARTS

Asiatic Personalities

INSIDE ASIA. By John Gunther. Harper and Brothers. $3.50.

IN THIS survey of Asiatic politics John Gunther has set himself a task of extraordinary proportions. It is nothing less than a study of the whole of Asia—from the Far East to the Near East, with all that lies between, not omitting the Indian subcontinent. In 1937-38, except for Saudi Arabia and the Mongolias, he traveled through all the important countries of this far-flung area. He talked with hundreds of major and minor political figures in these lands. As preparation he read widely in standard works, periodicals, and official reports; previously he had been a correspondent in the Near East at four different periods. On the whole, he has acquitted himself admirably. "Inside Asia" bears up well under comparison with "Inside Europe."

As in his earlier work personality and personalities are exploited to the full. From the first chapter on the Japanese emperor through to the penultimate chapter on Dr. Chaim Weizmann there is a seemingly endless array of generals, kings, politicians, government leaders, scholars, princes, poets, saints, labor leaders, gangsters, and puppets—all of them subtly and revealingly portrayed. Critics of this technique may scoff, but it accomplishes wonders in sketching backgrounds, bringing out the nuances, and showing the common human traits of strange and little-known countries and peoples.

Of the countless portraits of personalities in the book, a few stand out in extraordinary completeness of detail and accuracy of perception. Readers may well differ as to the most successful of Gunther's various efforts to catch the subtleties, the many-sided complexities, of Asia's greatest living leaders. In my judgment Gandhi and Jawaharlal Nehru stand out as the most complete and full-bodied figures in the book, with Manuel Quezon running a close second. For China, Generalissimo Chiang Kai-shek and Marshal Chang Hsueh-liang are effectively handled. Among the Japanese, none, save possibly the emperor, leaves a strong impression. Is this purely a coincidence, is it intentionally artful, or is it just an unconscious reflection of Japan's all-pervading group spirit? Probably the last, for even Araki has faded, and there is simply no single individual who adequately symbolizes Japan's ruthless drive to subjugate China.

It would be false, however, to convey the impression that there is nothing more than a succession of spirited biographical sketches in this book. It contains much solid political, social, and economic analysis. At points the interpretation may be disputed; at others it is uncannily piercing. As a key to current Far Eastern politics the following sentence deserves to be pondered: "If stalemate continues in China, the Japanese military may fear that civilian rivals in Tokyo will strengthen their position, out of dissatisfaction with conduct of the China war; in this case, the military may think it necessary to regain prestige and power by striking elsewhere." It is this factor which drives the military to insist on alliance with Germany and Italy at the price of the severe internal struggle which is gripping Japan at the present moment.

On the other hand, Gunther seriously overplays the apparent dichotomy between Japanese "big business" and the army. For in recent years the financial barons have willingly gone over to a war-time munitions-production basis, and the military is the spearhead of the aggressive efforts of these huge monopolies to win an imperial sphere of exploitation. The latter have never had a real quarrel with the militarists' aggression on the continent, save in one respect—that it be not carried to a limit of recklessness that threatens to bring down the whole regime. This is an important difference, but it revolves mainly about tactics. The strife in Japan's ruling circles is real enough, but the army remains essentially a projection of the basic aims of the country's imperialist economy.

In the section on Acknowledgements the author virtually lays down a challenge as to the accuracy of the detailed facts of his volume. It is indeed amazingly accurate, and the few corrections here suggested may possibly represent improvements in a second edition. Araki did not resign after the February, 1936, mutiny; he had left the Cabinet two years earlier (p. 76). Amalgamation of the Tohokai and Social Mass parties has not actually taken place, despite a mistaken news report to this effect (pp. 77, 79). Only 10,000 *agricultural* colonists may have emigrated to Manchoukuo, but roughly 250,000 Japanese business men, government employees, clerks, etc., have settled in Manchuria since 1932 (p. 103). The Chinese Eastern Railway was sold to Manchoukuo in 1935, not 1934 (p. 109). The Amau statement did not ask for repayment by China of old Japanese loans (p. 117). The Kwantung army *is* used for suppressing "banditry," that is, the guerrilla opposition, in Manchoukuo (p. 132). The Open Door policy was enunciated by John Hay in 1899, not 1889; obviously, this is a typographical error (p. 167). China inaugurated its currency reform in 1935, not 1934 (p. 171). Chen Chi-tang's revolt occurred in 1936, not 1935 (footnote, p. 186). The Kwangsi twins were driven into Kwangsi in 1929, not 1935 (p. 257). Under the Tydings-McDuffie Act, the Philippine export tax applies to all exports to the United States, not only to sugar; and it will not begin at 5 per cent but at 5 per cent of the American tariff rates (p. 300).

"Inside Asia" is delightful reading and should win a wide and appreciative audience. If its popularity measures up to "Inside Europe," it will make a valuable contribution to America's knowledge of the movements and forces which are now stirring the Oriental peoples. This is the sole comprehensive treatment of the political struggles, and of the drive for national emancipation, of well over one-half the population of the world.

T. A. BISSON

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Incredible England

SECURITY—CAN WE RETRIEVE IT? By Sir Arthur Salter. Reynal and Hitchcock. $3.50.

"'WHEN I use a word,' Humpty-Dumpty said in a rather scornful tone, 'it means just what I choose it to mean—neither more nor less.' 'The question is,' said Alice, 'whether you *can* make words mean so many different things.' 'The question is,' said Humpty-Dumpty, 'which is to be Master—that's all.'"

This question is precisely the question which Sir Arthur Salter and other middle-minded muddlers among the British intelligentsia firmly refuse to face. But their propensity for misusing words has in no wise been diminished by the parlous pass to which the empire is now reduced. On the contrary, the exigencies of the hour call for prodigious feats of verbal acrobatics to convince an anxious and befuddled public that the walrus and the carpenter may not really eat the oysters after all.

Sir Arthur accordingly pulls up his steed at the crossroads, surveys the gloomy landscape, and gallops off furiously in all directions. Although horse and rider glide through the air with the greatest of ease, the observer is never quite certain of the direction of movement. Sometimes the Red Queen is teacher and Sir Arthur dashes madly onward in order to stay in the same place. But at the end it is clear that his mentor in equitation is none other than "Wrong-Way" Corrigan.

The itinerary embraces a flight from Munich, a pilgrimage to Geneva, a detour around Moscow, and a return to Munich—or is it Geneva?—which in the interim has been subtly transfigured so that the Führerhaus and the League Palace are now the same building and Rousseau's Island has been rechristened Adolf Hitler Platz. This sounds confusing, but Sir Arthur makes it all very simple. War threatens. The surrender of Czechoslovakia was bad but necessary, since "the force against us was so formidable." Spain should—perhaps—not have been surrendered. Collective security against aggression must be restored. But this does not mean "the establishment of such political relations, combined with military strength, between the League members as will compel the fascist countries to accept League methods and decisions. I mean the gradual establishment (with the aid of the united strength of ourselves and our allies) of such relations with the fascist countries as may later result in their voluntary reentry into the League."

How to achieve a "general settlement"? The formula is plain: "a policy which combines both strength to resist and a discriminating willingness to concede." The book demonstrates that resistance and concessions are, *mirabile dictu*, as much alike as Tweedle-Dum and Tweedle-Dee. Aggressors must be opposed, one gathers, by granting their demands and thus saving them from temptation. In his "Draft Manifesto of British Policy" Sir Arthur urges that Germany be granted [illegible]s and possessions which in sum total are equivalent to [illegible]joyed by the Germany of 1914." Hitler must have [illegible]aid and colonies—"if other countries will cooper-[illegible]s are needful, preferably by others. Surrender to but willing concession is wisdom. Disarmament is possible on a basis of "political parity," which apparently means Nazi hegemony over Germany's *Lebensraum*. Thus will come the dawn, for thus we "pluck the best from fate and find the Golden Mean."

Is Sir Arthur honest in this disastrous nonsense? Or is he spoofing, like the writer of the publisher's blurb which calls this "the most heartening and courageous book out of Europe since Hitler came to power"? Candor drips from every page. Yet the writer admits "special precaution to avoid saying anything which might be contrary to the public interest." Simon and Hoare are criticized. Yet Halifax is nominated as the next Prime Minister. Chamberlain is shrewdly evaluated and yet depicted as the hero of peace on September 28, 1938. All but nitwits now know that the dramatic last-minute rescue on that dismal day in Commons was a fraud. Yet Sir Arthur presents it as genuine. *Cui bono?*

This work is important. It will bring secret joy to Cliveden, Downing Street, and the axis. It will have wide influence in mobilizing acquiescence in the new appeasement to come. Whether it was designedly written for this purpose cannot yet be told. In any case there is no reason to doubt that it reflects accurately the present temper of the British ruling class. And it is further evidence, if more were needed, that that class cannot face realities. When it falls, with all its pride and prejudice and blind conceit, neither all the king's horses nor all the king's men will suffice to put it together again.

FREDERICK L. SCHUMAN

Stories by Gorki

A BOOK OF SHORT STORIES BY MAXIM GORKI. Edited by Avrahm Yarmolinsky and Baroness Moura Budberg. Henry Holt and Company. $3.

OF THE fifteen stories in this volume, ranging in date of composition from 1894 to 1924, a number are already well known in translation, including Chelkash, Twenty-six Men and a Girl, One Autumn Evening, and the unforgettable Creatures That Once Were Men. Six others, according to the editors, have never appeared in English before. The book therefore furnishes a fair cross-section of the shorter fiction of the great Russian writer who died three years ago.

You will enjoy these stories most if you read them one or two at a sitting, then put the book away for a while. Taken as a group, they strike the same minor chord with a regularity that is apt to detract from the effect of the individual stories. Gorki at his best is always deeply moving, lyrical even in his vignettes of squalid and misshapen lives, and his people, however repulsive, are living, suffering people; but they are cut from a pattern that does not allow a great deal of variation. They are nearly all peasants or guttersnipes, twisted and deformed, reeking of vodka, and either cunningly villainous or well-meaningly stupid. And one cannot help noticing the ever-recurring Gorki narrator, a nameless, homeless, usually penniless, and altogether rather amorphous figure who comes into contact, briefly and accidentally, with a character or group of characters that illustrates life's ironic contrasts. In One Autumn Evening he is comforted under an overturned boat by a kind-hearted prostitute. In The Hermit he is

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a casual onlooker at the philosophy and practice of a queer, unorthodox saint. In Birth of a Man he serves as accoucheur to a peasant woman by the roadside. In Lullaby he drops into the squalid home of a strangely childlike woman of the streets and her crippled, strangely old-minded son. The narrator is always a baffled child of misfortune, a somewhat naive but semi-intellectual waif who plays his part as listener or helper or recipient of help, as the case may be, and then goes on his way with a catch in his throat. He seems always to be the same person in slightly different disguises; yet he never ceases to feel the same surprise and dismay at the sight of cruelty in men, or of fortitude in unexpected places. Compared with the hard-boiled objectivity of the later realists, Gorki's approach is often tender, almost sentimental, and these stories are reminders of the essential romanticism that underlies so much Russian fiction even when it appears superficially realistic.

The translations, by several different hands, are all smoothly readable, and while Aldous Huxley declares in the preface that "even the best translation permits only of inferential knowledge, never of direct acquaintance with the spirit and essence of the original," this volume forms a convenient introduction to the work of a significant modern writer whom most of us must always be content to know only through inferential knowledge.

LOUIS B. SALOMON

Coleridge Chronicle

SAMUEL TAYLOR COLERIDGE: A BIOGRAPHICAL STUDY. By E. K. Chambers. Oxford University Press. $7.

RECENT books about Coleridge have attempted to interpret him; they have been psychological or mystical; most of them have been bad, and none has had much biographical value. This is the first complete life since Campbell's in 1894, and being longer, better documented, more accurate, it is certain to replace that as the standard work. Chambers is able to use the results of much special research undertaken since Campbell wrote; more facts and more letters are available. His account corrects Campbell's in many respects. Most important, his experience with sources is unrivaled. The facts of Coleridge's life are set forth fully and competently.

This is a useful thing to have done. It is necessary, however, to point out that this is all Chambers has done. His book is not so much a biography as a sketch for a biography. He notes this, calling it "a bare chronicle"; and we find a general refusal to interpret or judge his material. We miss in the book the organizing power of a thesis, a trend, a whole opinion, a consistent and real attitude. No sense of the subject's greatness or importance is conveyed; a reader unfamiliar with Coleridge's works might wonder why Chambers felt justified in the expenditure of so much attention on the man. It is true, as he says, that "he who walks with Coleridge must tread thorny ways and pass through valleys of humiliation." But one of the biographer's cardinal duties is to display his subject in its just proportions, maintaining a generous perspective. Another is to make out the significant lines and conflicts of the life under examination, and to bring his material into moral focus. Chambers does neither. The limitations of his study are self-imposed, but they are major limitations.

There is something more distressing to record. When any attitude at all is apparent, it suggests patronage, a slightly amused, well-bred astonishment at the antics of the subject. Chambers is not often openly ironic, but this tone tends to undermine the reader's interest and patience with the biography as well as his respect for Coleridge.

Respect for Coleridge is a complicated affair, in any case. "From foolish men that write Books, Lord deliver me!" he exclaims to Sara Hutchinson in one of the little-known letters given by Chambers in an appendix. "It has been my Lot to be made a Fool of by Madmen, and represented as a Madman by Fools." The complaint might still be made with justice by his ghost. Coleridge is a particularly difficult and exasperating subject. His tragedy was his continual falsification of the world about him; his dramatic instinct was great, and turned mainly inward; he early involved himself in a morass of promises, dreams, expectations, from which no man so little steadfast could hope to extricate himself. The plans, travels, friendships, and conversations that made up his life were all aspects of an incapacity to deal with or even to face quotidian experience.

Pantisocracy, the scheme born of an impulse to escape to America—he liked the sound of the name Susquehanna—need not bother us. But it was the first of innumerable air-castles, fantastic hopes, projected works of all kinds. The obligations mounted, unfulfilled. Evidence on this point is overwhelming. Lamb in 1800: "As long as Lloyd or I have known Col., so long have we known him in the daily and hourly habit of quizzing the world by lyes, most unaccountable and most disinterested fictions." Dorothy Wordsworth in 1810: "His whole time and thoughts (except when he is reading and he reads a great deal) are employed in deceiving himself, and seeking to deceive others." His wife in 1812: "His promises, poor fellow, are like his Castles—airy nothings." All who knew him speak of instability, lack of will. The opium, the miscellaneous and frenzied trips to Germany, to Malta and Italy, all over England, were attempts to put off the time of reckoning. Friends sustained him, spiritually and financially, which rendered unnecessary the regular employment that might have saved his self-respect; and he needed them desperately, as much before the open failure of his marriage as later. Chambers places great emphasis on these friendships with the Wordsworths, Thomas Poole, Southey, Cottle, the Wedgwoods, Charles and Mary Lamb, Stuart and a host of others, in the final years the Gillmans; he tracks them carefully to their tragic or humiliating conclusions.

More perhaps than anything else, his incomparable conversational power, the chief glory and fascination of Coleridge, betrayed him. All were attracted by it, and it led them to expect a steadiness, a moral poise, in the speaker which they did not find. And his conversation largely unfitted him for other activities, writing and living, because it replaced them. "He is one of those minds who, except in inspired moods, can do nothing—and his inspirations are all *oral,* and not *scriptural,*" said Charles Lloyd. Both parts of the statement are substantially true. The work of no other major writer is so uninteresting as the great mass of Coleri-

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writings, poetic, critical, journalistic, philosophical. The astounding light of the presence and the marvelous tongue is what some biographer must finally re-create. Chambers has collected the statistics for him. JOHN BERRYMAN

Collapse of the Weimar Republic

INSIDE GERMANY. By Albert C. Grzesinski. E. P. Dutton and Company. $3.50.

WHEN the soldiers came home from the war they were too terror-stricken to write about what they had lived through. Only some years later did the endless stream of war literature begin. Perhaps the pressure of the Nazi explosion which swept the leading men of the ill-starred Weimar republic from power into exile has had a similar effect on those who can tell the inside story of republican Germany. We have had a few authentic reports on the Weimar republic and not a single one on its substantial achievements, with the result that the stereotyped calumnies of the Nazis against Weimar have gone for the most part unchallenged even by Hitler's enemies.

Mr. Grzesinski's book deserves respectful attention as the account of a man who, by virtue of his continuous service under the republic, knows his subject thoroughly. After a useful training in administration in the Socialist trade unions, followed by service in various official capacities in the Reich Ministries of War, Labor, and the Interior, Mr. Grzesinski was twice Police President of Berlin (1925-26, 1930-32) and held for four years (1926-30) the key position of Prussian Minister of the Interior under Otto Braun. In addition, he was a Socialist member of the Prussian parliament over the whole period of the republic. His book, written without affectation or pretentious humility, does credit both to his character and to his official work. He was an administrator, not a politician and certainly not a statesman. He knew most of the leading men and sizes them up without hate or bias. A faithful friend to Otto Braun, he is fair toward Noske, whose picture is commonly distorted by Socialist historiographers; he is deservedly hard on the double-crossings of Severing; he helps to dismantle what is left, in foreign countries, of the Hindenburg myth, but he is strangely reluctant to establish squarely Dr. Brüning's manifest guilt in the collapse of the republic. Perhaps the author feels as a coexile that Brüning is entitled to more generosity than is granted by those who consider that lip service to democracy and underhand maneuvering for restoration of the cowardly Hohenzollerns were irreconcilable.

Yet there is surprisingly little in Mr. Grzesinski's story that is actually new. It is not to be assumed that he has held back secrets; evidently the real sources of truth cannot be tapped by those surviving. Throughout the book the vicious role of the army, sabotaging the efforts of the political leaders, is exposed, but no striking information is forthcoming on many still mysterious events. Why were Stresemann's efforts to consolidate the republic—incidentally Stresemann is mentioned only once and casually at that—frustrated by heavy industry affiliated with the army? When will the whole story be told of the Osthilfe scandal, which was instrumental in bringing about the fall of both Brüning and Schleicher? Few are left now who can give the whole truth. Schleicher has met his fate. Otto Braun preserves silence. Dr. Hugenberg, still alive and an honorary captive of the Nazis, could not overcome his inborn dishonesty and muster the self-criticism needed for the truth. And Dr. Meissner, loyal servant to Ebert, Hindenburg, and Hitler, is the victim of his own disloyalty. We contemporaries must thus be content with marginal notes on this important chapter of Germany history.

On the whole, one gains the impression from Mr. Grzesinski's book that the Weimar constitution did not fail because of misconstructions of the fundamental arrangements, although the dualism between the reactionary government in the Reich and the Socialist government in Prussia ultimately set the avalanche in motion; it failed through the peculiar misfortune of the Germans that a good constitution was bungled by incompetent or disloyal men. Few had the insight, and of these few none had the courage and the power, to reform and if necessary to wreck the overtowering machines of the army, the bureaucracy, and the courts which the republic had inherited from the imperial regime and which were kept inviolate before deluded public opinion. The Democrats —and there were more than Mr. Gezesinski seems willing to admit—had not the courage of their convictions. Mr. Grzesinski as Police President and Minister of the Interior did his best to curb the Communist and Nationalist hooligans and to restore the authority of the state—it would have been a comparatively easy matter if undertaken in time—but the government of Dr. Brüning thwarted his efforts. Our living democracies commit the same sins of omission, in discovering, to amend a German proverb, the communistic mote in their neighbor's eye while not seeing the fascist beam in their own. Similarly, the chapters on the failure of the republic to advertise democracy and its values and on "democratic tolerance" might be read with profit by leading statesmen in the democracies today. What is the use of history unless it teaches us to avoid the trap into which the Weimar republic was chased like a rabbit?

The second part of Mr. Grzesinski's book gives a good summary of Hitler in power. The author, from his vantage point in Paris after 1933, in close contact with underground sources of information in Germany, has perhaps a better opportunity for judgment than most foreign observers. He describes effectively Nazi justice and the huge organization of the party; he estimates the number of paid and unpaid officials of the party and its affiliated organizations at the very least at two million, which helps to explain the much-heralded "miracle" of "wiping out" unemployment. As to the army he emphasizes correctly that the end of the Hitler regime cannot be expected from that quarter. German militarism has found its ideal fulfilment in the militarization of the entire nation, which has come about, rather ironically, under an Austrian ex-corporal and not under a Prussian general, as Ludendorff dreamed. American readers will find the second part the more interesting, although the section dealing with the republic calls for more attention among responsible readers.

The supreme question posed by the author, Was the downfall of the republic "inevitable"? is not yet solved with finality. Mr. Grzesinski answers it in the affirmative because, he says, "to build a truly democratic Germany required a free

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people imbued with the sense of liberty and determined to fight for its civil rights." It is submitted here that this statement is perhaps too easy. There was too much of civil rights in republican Germany, but for the wrong people, and too much militancy, but again by the wrong people. After 1924, when the nation was recovering with amazing speed and success from the lost war, the lost peace, and the inflation, and when Stresemann, the only sizable statesman of the period, was in fact only a hundred yards from the goal, the chances for the lasting establishment of a German democracy were more than fair, certainly better than in France after 1870. But the French, having got rid of their potential Hindenburg, MacMahon, did not succumb to their potential Hitler, Boulanger. Under better leaders the disaster in Germany could probably have been averted. His book records that Mr. Grzesinski did what was in his power to do for German democracy; which may be at least a comfort in exile.

KARL LOEWENSTEIN

DANCE

Ballet Caravan

EVERYONE said it couldn't be done; there was no tradition, talent, or demand for it. Lincoln Kirstein disagreed and set to work to create an American ballet. That was some four years ago. The performances of the Ballet Caravan, presented during the recent repertory season of the American Lyric Theater, proved that native ballet is no longer the substance of a dream but a sturdy fact.

"Filling Station," with choreography by Lew Christensen and music by Virgil Thomson, uses a service station as background for a cellophane fantasy. The material is completely American, the manner very French. It is as though a witty foreigner were satirizing a typical and lively American phenomenon. Marie-Jeanne as the Rich Girl gave a notable performance. She has a serviceable technique that promises virtuosity. The quality that distinguishes her, however, is an accurate and sensitive sense of pantomime that is as true and unaffected as Boston baked beans. Even when she is performing an outworn ballet trick, she does it as though she had only that moment thought of it, and executes it as though no one had ever done it before. Her solo, followed by the pas de deux with her sweetheart and then by the pas de trois in which the attendant joins, is an exquisite, ironic lyric. Through it all she maintains a just slightly tipsy wriggle of the head that serves now as accompaniment, now as accent to a romantic gesture.

William Dollar's choreography for Bach's "Goldberg Variations" poses the initial and to me insuperable difficulty of dancing to the music of great composers. If the music itself is an entity, the choreographer has three choices, and they are all bad risks. He can express his reaction to the music, and trust that the audience will understand. He can create an independent ballet for which the music is merely background, a reckless undertaking when the music is of a high order. He can attempt to parallel the musical sequence in terms of abstract movement, arranging the dance themes to coincide with the musical themes. In the first case the dancing attempts to interpret music which presumably needs no interpretation; in the second there seems little point in using the music at all; and in the third the dancing attempts to reproduce the music in another medium. The last carries the least danger since the problem becomes purely formal, and this method Dollar for the most part followed. As a whole it came off better than similar experiments with the symphonic form presented by the Ballet Russe. The entrances and exits were strikingly arranged, and the spatial counterpoint of the Twelfth Variation was an unforgettable experience.

If you enjoy Indian ballet, then "Pocahontas," a leaden-footed fantasy devised by Lew Christensen to music by Elliot Carter, may not irritate you. But if you prefer your primitives straight, then the superimposition of a highly sophisticated technique on utterly unsophisticated material is an annoyance. The banal choreography, the poor taste of the settings, costumes, and music may make you want to do a little scalping on your own.

"Billy the Kid," brilliantly choreographed by Loring to an interesting score by Copland, consists of a series of variations on a single theme—Billy is quick on the trigger, and when he shoots he gets his man. Though the incidents follow a chronological order, there is no attempt at character development. The result is a gay ballad dealing with a likable bad man of the eighties. The ensemble dances, called "Open Prairie," provide a prologue and epilogue that state in generalized terms the heroic aspects of the period. The main body of the piece, however, uses concrete and highly theatrical material. Dollar's procedure differs radically from the usual ballet practice, where the burden of the story is carried by pantomimic sequences interpolated in a series of dance interludes. With him the story becomes the motivating force for a type of movement in which dance and pantomime are happily fused. In style much of the ballet is reminiscent of the paintings of Seurat. There is the same precise, satiric stylization of straight-backed virtue bursting its bonds at exactly the correct moment to expose a brilliant flare of would-be bawdiness. The tight red costumes and eloquent posteriors of the dance-hall girls are part of a caricature that is scintillating at its best and always amusing.

The question arises of just how American the Ballet Caravan is, for though the performers and subject matter are American, they reflect any number of foreign influences. The question is a natural one because the avowed object of the group is to create an American ballet. But since American dance cannot as yet be defined in communicable terms, the question is actually unanswerable and practically not pertinent. Time is involved in the evolution of a national art, and even more time in the recognition of its characteristics. One cannot start with an a priori assumption of what traits are American and then compose dances exemplifying these traits. It is only in the historical development of an art that national characteristics emerge. In this sense a concept such as American ballet has real meaning only when formed on the basis of an existent body of art to which it may then be applied. Since, however, the corps and

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matter of the Ballet Caravan are American, there is every reason to suppose that it will contribute to the process.

The Polish Ballet now appearing at the Hall of Music at the New York World's Fair provides a convenient illustration of one type of national ballet. Its method consists in using legendary material and folk customs and dances as a basis for choreography. Its outstanding ballets, "Harnasie" to a Szymonowski score and "Country Wedding" to music by Kurpinski, achieve a complete and infrequently seen integration of folk material with ballet technique. The two elements appear only upon analysis; in performance they are one. Then, too, the company possesses the characteristic Slavic vigor, gusto, accented rhythms, and earth-sprung leaps. The cast contains a number of competent artists, of whom two are superb—Wojikowski, remembered from the early days of the Ballet Russe, and Kilinski, a spectacular dancer now making his first American appearance. Kilinski's virtuosity, the ease of his elevation, his fire and projection are qualities rarely united in the person of a single dancer. Several ballerinas are unusually fine, as Slawska, Rajewska, Glinka, and Wojikowska.

Except for the Chopin Concerto in E minor, which is an uninspired recapitulation of the music in a plastic medium, the ballets delightfully combine simplicity with glamor, directness of purpose with subtlety of execution. The direction and the performers are fresh and unpretentious, with a fine disregard for smart and startling effects. Yet without ever straining after novelty the Polish Ballet achieves it.

VIRGINIA MISHNUN

FILMS

THIS month's "March of Time" runs under the title "War, Peace, and Propaganda." It starts with shots of the New York World's Fair, in particular of the British buildings, which cover, as we are told, a greater area than those of all the other fifty-eight nations participating. This, if true, is not startling if one considers that the buildings housing the exhibits of the dominions are included. We next see British sailors in New York's Central Park "eager to make friends with Americans"—like every sailor in a foreign port. This is followed by shots of British Prime Ministers in action, that is, talking—MacDonald, Baldwin, Chamberlain, not Lloyd George, who is merely writing his never-ending account of the Peace Conference. What they say we do not hear because these shots are accompanied only by the voice of the commentator, who tells us how the situation in Germany has developed in the last twenty years. Then come interesting newsreels of the military preparations to which Holland, Belgium, and Switzerland have been compelled since Mr. Chamberlain's Munich coup to assure "peace in our time." From these little European countries the camera turns to France and England, shows some of their war preparations, and then sweeps over the Caribbean Sea, where the English islands, marked with little crowns, are seen in close proximity to our own possessions; the commentator tells us that Britain's crown colonies figure prominently in United States defense strategy. That is about all. Added to this are a few shots of the board of the Institute for Propaganda Analysis and the statement of one of the directors that the visit of the King and Queen in America had a definite purpose—to "sell" Americans "England's point of view in world affairs."

These and other comments do not replace what is missing in the pictorial story. The words of a movie can never convey —at least not convincingly—what the movie itself does not tell. However right they may be, words not backed up by pictorial evidence give the impression of propaganda. This is especially bad if the picture wants to expose propaganda. "War, Peace, and Propaganda" deals with a vital theme inadequately.

One may ask whether it is necessary to waste so many words on a short which, like most shorts, only fails in its purpose without doing much damage? It seems to me, however, that it would be a big mistake for this column to neglect shorts, as is generally done. All over the country millions of moviegoers get these hors d'œuvres before the main dish is served. For many adults the shorts are a kind of after-school education. "March of Time" has often done a good job and has won confidence. Its prestige should spur its makers to greater accuracy and not to relax as in the last two issues. But, of course, whether to speak the truth or not is more and more becoming a matter of policy, and therefore a difficult question to decide.

"The Mikado" (Universal) is a lovely picture thanks to Gilbert and Sullivan, whose words and melodies could not be ruined. The movie of the famous musical comedy simply records in technicolor an elaborate studio reproduction of the usual stage production. No attempt is made to use the wider scope of the screen to overcome the limitations of the stage; much less to create a new movie style which would bring wit and poetry to our much too heavily loaded programs.

For thriller addicts: "The House of Fear" is one of the better detective films, ably directed by Joe May. "The Mystery of the White Room" proves to be a great disappointment. The killing is done with surgeons' scalpels and an unbearable kind of humor.

FRANZ HOELLERING

RECORDS

THE fine Concerto in D by K. P. E. Bach, with its particularly lovely slow movement, is played with superb phrasing and color, if also with occasional overemphasis, by the Boston Symphony under Koussevitzky; and the performance is recorded by Victor (two records, $4.50) with no less superb clarity and fidelity, if also with brilliance in the violins that is occasionally excessive. Toscanini's performance of Weber's "Invitation to the Waltz" with the New York Philharmonic was enchanting; what Victor now offers ($2) is a performance with the less sensitive and subtle B. B. C. Symphony, and one that is so reverberantly and coarsely recorded that one cannot hear what is usually unmistakable—

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the sharpness of contour that is in a Toscanini performance with no matter what orchestra. A better job by the B. B. C. Symphony's strings under Boult and by the H. M. V. recording staff is the set (three records, $5) of Tchaikovsky's charming Serenade Opus 48. And a fine performance of Berlioz's "Roman Carnival" Overture by an unnamed orchestra under Bigot ($1.50) is less dynamic in phrasing and orchestral coloring than Beecham's, but gains by being less deliberate in pace.

Under Stokowski the Philadelphia Orchestra, assisted by Jeanne Behrend and Alexander Kelberine, contributes a gorgeous-sounding performance of Harl McDonald's Concerto for two pianos (three records, $6.50), which is fluent, agreeable to the ear, effective, and in fact everything but important. Under Ormandy the orchestra ably supports Flagstad in "Du bist der Lenz" from "Die Walküre" and "Euch Lüften" from "Lohengrin" ($1.50), and collaborates with Marian Anderson in Brahms's Alto Rhapsody, which is one of his least enticing works, and in three songs—"Dein blaues Auge," "Der Schmied," and "Immer leiser wird mein Schlummer"—which suffer from a metallic quality in Miss Anderson's voice and a lack of emotional warmth in her singing. If, moreover, there is one song that will take nothing but the percussive accompaniment of the piano, it is "Der Schmied"; and I don't like the lush orchestral accompaniments for the others any better (three records, $6).

In a two-record set ($4.50) Griffes's Two Sketches based on Indian themes, well played by the Coolidge Quartet, reveal skill in a type of manipulation for which other material would be better suited. And on a single record ($2) is Mozart's exquisite Rondo in A minor K. 511, in a performance by Paderewski that has some sensitiveness and grace but nothing commensurate with the glamor of his name.

All things considered, the most noteworthy releases of the month are the first recordings of the pianist Webster Aitken, issued by Gamut. The qualities that set this extraordinary young artist apart are to be heard at their best, their most effective in the legitimate sense of the word, on the single record ($1.50) of the powerfully phrased and integrated performance of Mozart's Fantasia in C minor K. 475—a performance which triumphs over dull recording and poor surfaces. In Schubert's great posthumous Sonata in C minor (three records, $5) one hears the same artist, but playing without the same inner repose, and failing therefore to achieve the same power. Where the first movement should be imposingly dramatic, the playing makes it feverish and distorted; where it should, by contrast, be relaxed, the playing continues to make it restless; and other things of the sort occur in subsequent movements, but not in the last.

B. H. HAGGIN

CORRECTION: The price of "Family Reunion," by T. S. Eliot, is $1.50, not $2.50 as stated in last week's issue.

Next Week

THEATER ON THE LEFT

By Charles R. Walker

CONFERENCE

Gen. Hugh Johnson columnist
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"Red Totalitarianism"

Reply—

Dear Sirs: Freda Kirchwey's editorial on the Committee for Cultural Freedom in your issue of May 27 is unfair, confused, and seriously compromises *The Nation's* claim to be an organ of independent liberal opinion.

She quotes a sentence from an article of mine, totally unrelated to the manifesto of the committee, and on the strength of it attributes a specific social philosophy and political strategy to all signers of the manifesto. She could just as well—but with no more right—have maintained that the Committee for Cultural Freedom is pro-New Deal because its secretary, Ferdinand Lundberg, is the author of "America's Sixty Families"; or that it is critical of the New Deal because of some newspaper columns of Dorothy Thompson, another one of its distinguished signers. Yet the statement of the committee emphasizes that "this commits us as a group to no particular social philosophy—but only to one of the fundamental criteria for evaluating all social philosophies today; namely, whether it permits the thinker and writer to function independently of political, religious, or racial dogmas." It is from this premise, and this premise alone, that the committee's opposition to Hitlerism, Stalinism, and all other totalitarianisms follows.

If Miss Kirchwey suspected that we have ulterior political motives, she could easily have convinced herself one way or the other by joining us, as she was invited to do. To charge us instead with bad faith is, under the circumstances, morally reprehensible and helps the enemies of freedom.

In her criticism of my own position, for which I alone accept responsibility, Miss Kirchwey reveals utter confusion. If the Communist Party is guilty of ev[illegible] of the disgraceful and illib[illegible]s which she herself under[illegible] in heaven's name, should [illegible]ot "differentiate" them[illegible] There is not a single [illegible]senal of the fascists, [illegible]sination to physical [illegible]opponents, which [illegible] not used. On [illegible]sm. If you are opposed to all gangsterism, it is neither principled nor strategic to extenuate the crimes of one gang rather than another. The same holds for political gangsterism. If the Communists, as Miss Kirchwey also claims, are for the moment sincere democrats, will she please explain how democracy is to be furthered by methods she herself castigates so severely? These methods help fascism; they do not hinder it. In the same breath in which she accepts them as fellow-travelers, Miss Kirchwey admits "that the Communists have developed a sort of double mental-bookkeeping." Precisely, and that is just what one expects from totalitarians for whom intellectual integrity is a "bourgeois virtue." But one does not expect people like Miss Kirchwey to aid them in their protective coloration. Those who genuinely believe in the Bill of Rights do not resort, as do the Communists, to political duplicity or anonymity.

The entire question of the role of the Communist Party in this and other countries is too large to discuss here. Suffice it to say that proofs abound that whether on American soil or in Spain, France, or any country you please, its primary loyalty is to the Kremlin and not to peace, democracy, or intellectual freedom. Miss Kirchwey closes with the advice that "there is virtue in merely refusing to shoot." Agreed. But she has sent her advice to the wrong address. She should send it not to us who have only the weapons of truth but to those who have the guns—to Franco, Mussolini, Hitler, and Stalin, and to their agents in this country.

SIDNEY HOOK

South Wardsboro, Vt., June 1

And Rebuttal

Without argument, though with a few irrepressible doubts, I shall accept as a basis for my reply to Mr. Hook his assurance that the Committee for Cultural Freedom has no ulterior political motives and that it is opposed "to Hitlerism, Stalinism, and all other totalitarianisms" only as enemies of intellectual freedom. But even reduced to these terms the dispute between us remains much the same. If "Stalinism," in common with other "totalitarianisms," is the enemy of a free culture in America it can only act through its "agents in this country"—in other words through the Communists. The committee must, then, stand for opposition to the Communist Party and its subsidiaries—along with the Nazi Bund and various fascist groups. So in the end we get back to the point I made, however clumsily, in my article Red Totalitarianism. And I still must plead for peace between the warring factions of the left and deplore the creation of new organs of opposition among them.

To a person who sees life in clear blacks and whites the issue is doubtless a simple one: decent people don't associate with criminals and gangsters or try to extenuate their crimes. One cannot but envy the man who is able to dispatch his social problems so easily. But to me, as to many other non-Communists and unattached liberals, the issue is a confused and troubling one. The Communists display the qualities of most fanatics, qualities that stem as directly from Cotton Mather as from Karl Marx. They are intolerant and ruthless, often unscrupulous, often violent and lacking in political judgment. They are also zealous, brave, and willing to put up with hardship and abuse. The Communist Party and its press have "assassinated"—or tried to—many a character, including that of *The Nation*. But they have also fought for decent conditions for workers and the unemployed, for equality of rights for Negroes, for relief and aid to the victims of the civil war in Spain. They have stood consistently for justice and nonaggression in international relations—as, indeed, has the Soviet government as well. Lacking proof, I must reserve judgment on the story told by M. E. Edson in another column; but it sounds true, and tactics of this sort cannot be excused or forgotten. But neither can one forget that Communists and Communist sympathizers from the United States fought in Spain in numbers out of all proportion to their numbers here; and, it might be added, they fought side by side with Socialists and Anarchists and democrats of all shades, even while political strife between all these factions poisoned the air behind the lines.

The Spanish struggle taught many lessons, of which perhaps the most im-

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portant was this one. It is not necessary for liberal lambs and Communist lions to lie down together. Enough if they will move ahead toward their common objectives without wasting time and strength in an attempt to exterminate each other along the way. The job of making this country unsafe for fascism calls for tremendous constructive effort as well as defensive strength. If Communists and non-Communists and even anti-Communists could forget their mutual recriminations and concentrate on the major task of our generation, there would be better hope of its successful accomplishment.

FREDA KIRCHWEY

Communist Tactics in Tampa

Dear Sirs: For about a year I have been a regular subscriber of *The Nation* and have received much enjoyment and inspiration from it, although I have sensed a growing undertone of pro-communism, or pro-Stalinism, that is very disagreeable to me. The article Red Totalitarianism, by Freda Kirchwey, openly expresses the pro-communism that I have long felt to be insidious.

As an active Socialist for more than thirty years I supported Debs and the St. Louis Declaration against entry into the World War, and as state secretary of the Socialist Party in Florida from 1928 to 1934, and state secretary of the Social Democratic Federation in Florida since June, 1936, I have had plenty of experience with the Communists and I know them for what they are.

With misgivings we accepted them in the Committee for the Defense of Civil Rights in Tampa, which sought to secure the punishment of the floggers and murderers of Joseph Shoemaker. It was agreed that none of the participating organizations would issue any statements or publication except through the committee, and all the other organizations respected this agreement, but the Communists issued a leaflet over their own name claiming to represent the victims of the flogging and demanding the punishment of the floggers.

None of the victims of the flogging had ever been Communists, and Shoemaker was a liberal Democrat who had resigned from the Socialist Party more than a year before in order to support and vote for Roosevelt in 1936, but the Communists distributed this leaflet on the streets and even in the courthouse when the trial of the floggers began. It was used by the attorneys for the defendants to prejudice the court and to

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excuse or justify the floggers. This is only one of the many treacherous acts of which I personally know the Communists to be guilty.

. . . Most of the founders of this committee have had painful experience with Communist treachery. Therefore they see the need of "differentiation from Stalinism with its fronts, stooges, and innocents." To advocate rapprochement with those who make virtues of dishonesty, treachery, and brutality is carrying appeasement too far. Why not fraternize with the Nazis and Fascists? They are at least honest rogues.

If this is to be the continued policy of *The Nation* I doubt whether I can stomach it much longer.

M. E. EDSON

Seffner, Fla., June 3

Issue of Vital Importance

Dear Sirs: I have just read your editorial on Red Totalitarianism and want to congratulate you on its clear and incisive exposition of an issue of vital importance to all persons "left of center." One need not be a Communist sympathizer to regret the recent outcry against the Communists on the part of avowed Marxists. As you say, the Communists behave in a manner to antagonize those who are not with them. Yet at the present time the important problem for all radicals is not to accentuate the rift between them but to oppose the common enemy. Certainly the fascists will not bother to distinguish between the various shades of red once they achieve control! I am therefore glad you spoke out so vigorously against these internecine quarrels, and hope that both sides come to their senses.

CHARLES A. MADISON

New York, May 31

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